

WHATEVER WILL HELP!

A WOMAN'S RISE TO THE TOP IN THE GAMING INDUSTRY

AS REMEMBERED BY JEANNE HOOD

Interviewee: Jeanne Hood

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Description

Gaming as a corporate enterprise is relatively new in comparison to most other industries. Nevada legalized gambling in 1931, and in the first decades, casinos were small by today's standards. They were normally owned by one or two people or a limited number of partners, each of whom had to be licensed by the state. Nevada did not legalize public ownership of casinos until 1967, and it was only then that gaming joined the corporate world. Since then, the process of "taking gaming public" has moved very quickly.

In 1972, when Jeanne Hood's husband, Dave, became president of Hyatt in Nevada, Hyatt Corporation was one of only a handful of licensed gaming corporations in the state. While Hyatt was a pioneer in corporate gaming, it was not a pioneer in progressive corporate management: like its peers, it had no women in upper management positions in gaming. That changed—not just for Hyatt, but for the industry—when Dave died suddenly in 1977. Hyatt's board of directors chose Jeanne Hood as Dave's replacement, because she was the most qualified person. Jeanne took over at the Hyatt's main casino property, the Four Queens in Las Vegas. She had never managed a casino, but she had, over a fifteen-year period of time, proven to Hyatt through her involvement in other operations that she understood business and management.

Nineteen seventy-seven, the year Jeanne assumed her leadership duties, was the beginning of a huge revenue shift for casinos. Dollar slot machines were set to take over the industry, replacing tables as the most important and profitable part of a casino and becoming the number-one revenue producer. This revenue switch was led by two kinds of visionaries—a casino operator who understood gamblers and gambling and a businessperson who understood business. Jeanne Hood was one of the latter, and she helped make the great revenue shift happen. Jeanne took over the Four Queens when that shift was just beginning, and she adapted to the changes very quickly and matter-of-factly. She looked at the revenues weekly, and with each increase in revenue from the dollar slots, she simply added more of them.

Jeanne's story also illustrates the growth of casinos in Atlantic City, New Jersey. In 1977 casino gaming was legalized in Atlantic City, and in 1981 the Playboy Casino opened near the Boardwalk. It was a partnership between the Playboy Corporation and Hyatt (under the latter's gaming corporation, Elsinore), but by 1985 the property was in bankruptcy. Once again, when Hyatt was in need of new management, they broke new ground and hired a woman, Jeanne Hood, to operate the casino, which they had renamed the Atlantis.

Continued on next page.

Description (continued)

Jeanne's history is also the story of the development of hotel chains in the United States. In the first two decades after World War II, travel in the United States increased dramatically. To accommodate the new traveling public, thousands of new hotels, motels, and restaurants needed to be built. Jeanne and her husband, Dave, first worked with Hyatt in developing a chain of sixty lodges and thirty restaurants for the company. The lodges were meant to complement the Hyatt hotel chain, and they catered to the traveling public.

In the traditional casino world, men had ruled. The vast majority of gamblers were men; the dealers, cashiers, slot mechanics, supervisors, and managers were all men; and women had almost no role. In the years after the war, however, as America embarked on its travel binge, women were equal partners in family travel. That produced the same evolution in the casino workplace that it did in other industries, as women slowly began to hold, if not an equal number of the jobs in a casino, at least a significant portion of them. By 1977 it was possible to have a woman manage and operate a casino in Nevada.

There is a consistent pattern for male managers: When a man took a new job, he took control. He made changes, and there are stories of how everyone of note lost their jobs to be replaced by the new manager's "cronies." Jeanne's approach was exactly the opposite. She waited, watched, and only made changes that were necessary—like the slot manager who was caught stealing. With most of the rest of the managers and supervisors, she simply worked with them to develop their skills and horizons instead of replacing them. She took no ego position in any part of the operation, but focused on financial results and worked tirelessly to improve them.

Jeanne Hood's style was unique, forward thinking, brave, and successful. Not only did she advance the possibilities for women in gaming, but through her business background, she also helped advance the gaming industry as a whole. She brought in accounting and management practices that were common to other industries but not to gaming, and she helped make them standard in the casino world as well. Jeanne was more than a pioneer woman in her field—she was a pioneer, a leader, and at times a visionary.

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A Woman's Rise to the Top in the Gaming Industry

As Remembered by Jeanne Hood

From oral history interviews by Ken Adams
Edited by Mary Larson

University of Nevada Oral History Program

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PREFACE

Founded in 1964, the University of Nevada Oral History Program (UNOHP) records and collects interviews that address significant topics in Nevada's remembered past. The program's chroniclers are primary sources: people who participated in or directly witnessed the events and phenomena that are the subjects of the interviews. Following precedent established by Allan Nevins at Columbia University in 1948, and perpetuated since by academic programs such as ours, these recorded interviews and their transcripts are called oral histories.

This research volume is crafted from the verbatim transcript of interviews conducted by Ken Adams with Jeanne Hood. The bulk of the recording sessions took place in Las Vegas, between March and July of 1997, but a follow-up interview was conducted in August of 2005, in order to bring Ms. Hood's story up to the present day. Remaining faithful to the transcript's content, and adhering as closely as possible to Ms. Hood's spoken words, the manuscript was edited for clarity. The editor also gave it chronological

and topical organization not always found in the raw transcript. Ms. Hood has thoroughly reviewed the work and affirms that it is an accurate interpretation. Readers who desire access to the unaltered oral history are invited to visit the offices of the UNOHP, where the tapes of the interviews may be heard by appointment.

To add context to written representations of the spoken word, the UNOHP uses certain editorial conventions. Laughter is represented with [laughter] at the end of a sentence in which it occurs; and ellipses are used, not to indicate that material has been deleted, but to indicate that a statement has been interrupted or is incomplete . . . or there is a pause for dramatic effect.

As with all of our oral histories, while we can vouch for the authenticity of Jeanne Hood's oral history, we advise the reader to keep in mind that it is a personal account of a remembered past, and we do not claim that it is entirely free of error. Intelligent readers will approach it with the same anticipation of discovery, tempered with caution, that

they would bring to government reports, diaries, newspaper stories, and other interpretations of historical information.

UNOHP
April 2006

INTRODUCTION

The gaming industry is often described as being backward and unsophisticated, but the truth is slightly different. Gaming as a corporate enterprise is simply relatively new in comparison to most other industries. Nevada legalized gambling in 1931, and in the first decades of legalized gambling, casinos were small by today's standards. They were normally owned by one or two people or a limited number of partners, each of whom had to be licensed by the state. At that time, the very nature of the ownership stunted the growth of individual casinos and the industry, as the resulting financing was too limited. It took over thirty years from the time gambling was legalized before Nevada casino operators gained access to the public market and public financing.

The world of corporate business and public financing is a mature and sophisticated world, while corporate gaming, by comparison, is neither. Nevada, the first state to legalize gambling in the modern era (and the only one until 1977), did not legalize public ownership of casinos until 1967, and it was only then that gaming joined the corporate world. Since then, the process of "taking gaming public" has moved very quickly. Today, in 2006, the majority of gaming licenses in Nevada, as well as the rest of the United States, are held by

publicly traded corporations, and these corporations generate most of the revenue that flows from gaming.

Gaming is still learning the ways of the corporate world, however. Regardless of the swiftness with which the industry moved into the public arena, it has moved less quickly in adopting business practices that are common to major public companies, although that has begun to change in the last few years. From 2000 to 2005, gaming passed through the same kind of consolidation that most industries have. In 2006 there are really only five or six major companies that control 75 or 80 percent of the gaming business in the country, and that process of consolidation has brought many other changes to the industry. Now the major gaming corporations are vertically integrated, technologically sophisticated, and have as many women in top positions as any other industry. Gaming is growing up.

That wasn't always the case. In 1972, when Jeanne Hood's husband, Dave, became president of Hyatt in Nevada, Hyatt Corporation was one of only a handful of licensed gaming corporations in the state. While Hyatt was a pioneer in corporate gaming, however, it was not a pioneer in progressive corporate management: like its peers, it had no women in upper management

positions in gaming. That changed—not just for Hyatt, but for the industry—when Dave died suddenly in 1977.

Hyatt's board of directors chose as Dave's replacement a person they knew very well—Jeanne Hood. Jeanne had never managed a casino, but she had, over a fifteen-year period of time, proven to Hyatt through her involvement in other operations that she understood business and management. Jeanne was a woman, but to Hyatt she was simply the most qualified person. Nevada gaming started to join the mainstream corporate world the day Jeanne took over at Hyatt's main casino property, the Four Queens in Las Vegas.

Nineteen seventy-seven, the year Jeanne assumed her leadership duties, was a pivotal time in the casino world, as it was the beginning of a huge revenue shift for casinos. Dollar slot machines were set to take over the industry, replacing tables as the most important and profitable part of a casino and becoming the number-one revenue producer. To the casinos, the shift was as significant as the switch from coal and steam to gasoline had been for transportation.

The change was driven by the realization that if players won more often, they played more frequently. While slot machines had been around since the nineteenth century, they were mostly nickel-and-dime affairs that simply set out to separate the player from his money, not to provide entertainment or to keep the player playing, as they do today. Up until the great revenue shift, a typical slot machine kept about 15 percent of the money played, but the dollar slot machines being introduced in the late 1970s kept less than 5 percent of the amount played. That simple adjustment produced a profound change in both player behavior and casino revenues, as players noticed the higher returns. It did not happen overnight, nor indeed in a year or two, but within ten years, dollar slot machines went from producing less than 5 percent of the total gaming revenue in Nevada to producing 30 to 40 percent of the revenue. The revenue switch to dollar slot machines was truly a revolution for the casino industry.

That revolution was lead by two kinds of visionaries—the first was a casino operator

who understood gamblers and gambling, and the second was a businessperson who understood business. Jeanne Hood was one of the latter, and she helped make the great revenue shift happen.

Jeanne took over the Four Queens when that shift was just beginning. At the time, most hotel-casinos considered their slot machines to fall into the category of “amenities,” like other pleasurable distractions such as swimming pools and cable TV, but Jeanne adapted to the changes very, very quickly. It was amazing to me how matter-of-factly she dealt with the dollar slots. To the majority of casino operators, their growing popularity was shocking—integrating them into an operating philosophy took a considerable mindset shift, and, in most cases, a considerable amount of time. Jeanne, on the other hand, looked at the revenues weekly, and with each increase in revenue from the dollar slots, she simply added more of them. In 2006, when slot machines amount to 60 to 70 percent of casino revenue, that thinking seems commonplace, but then it was revolutionary.

Her story also illustrates the growth of casinos in Atlantic City, New Jersey. In June 1977, New Jersey Governor Brendan Byrne signed a bill that allowed casinos to be operated in Atlantic City, and in 1981 the Playboy Casino opened near the Boardwalk. It was a partnership between the Playboy Corporation and Hyatt (under the latter's gaming corporation, Elsinore), but by 1985 the property was in bankruptcy. Once again, when Hyatt was in need of new management, they did as they had in 1977 in Las Vegas—they broke new ground and hired a woman, Jeanne Hood, to operate the casino, which they had renamed the Atlantis.

Jeanne's history, however, is more than just the story of casino gaming. It is also the story of the development of hotel chains in the United States. In the first two decades after World War II, travel in the United States changed dramatically. With the end of the war, millions of Americans went to work, bought cars and homes, and took vacations. To accommodate the new traveling public, thousands of new hotels, motels, and restaurants needed to be built. It was the

beginnings of what we think of today as the hotel industry. In fact, most of the hotel and motel chains that exist today have their beginnings in those first two post-war decades and the booming economy of the times. Jeanne's story is also part of that story, as she and Dave first worked with Hyatt in developing a chain of sixty lodges and thirty restaurants for the company. The lodges were meant to complement the Hyatt hotel chain, and they catered to the traveling public.

In the traditional casino world, men had ruled. Indeed, in the beginning of the modern gaming era, a casino was the private territory of men. The vast majority of gamblers were men; the dealers, cashiers, slot mechanics, supervisors, and managers were all men; and women had almost no role. In the years after the war, however, as America embarked on its travel binge, it did so as a family, and women were equal partners in family travel. That produced the same evolution in the casino workplace that it did in other industries, as women slowly began to hold, if not an *equal* number of the jobs in a casino, at least a significant portion of them. It was a slow process, but by 1977 it was possible to have a woman manage and operate a casino in Nevada.

Jeanne was the first woman I interviewed for the Oral History Program's series on the history of the gaming industry in Nevada. Up to that point, all of my experience was with men, and a consistent pattern for male managers emerged through their stories. When a man took a new job, he took control.

He made changes. The stories are ones of legend—how everyone of note lost their jobs to be replaced by the new manager's "cronies." At every change in management, employees waited in fear to see if their jobs were safe. Often not even a dealer or change person could feel secure, since even they might be fired so that the new manager's friend could have the position. Jeanne's approach was exactly the opposite. She waited, watched, and only made changes that were necessary—like the slot manager who was caught stealing. With most of the rest of the managers and supervisors, she simply worked with them to develop their skills and horizons instead of replacing them. She took no ego position in any part of the operation, and she focused on financial results and worked tirelessly to improve them.

Maybe Jeanne's style was predominately feminine, and maybe it was simply the result of her personality. Whatever its causes, her style was unique, forward thinking, brave, and successful. Jeanne certainly advanced the possibilities for women in gaming, but she did more than that—through her business background, she helped advance the gaming industry as a whole. She brought in accounting and management practices that were common to other industries but not to gaming, and she helped make them standard in the casino world as well. Jeanne was more than a pioneer woman in her field—she was a pioneer, a leader, and at times a visionary.

KEN ADAMS
Reno, NV

CHILDHOOD

JEANNE HOOD: I was born in St. Paul, Minnesota, May 21, 1926. My father's name was Edward Stanton Walsh, and my mother's name was Jeanne Louise Borden Walsh. I really can't tell you how long they'd been married when I was born, but I was the first child. And I'm not sure the exact date of their marriage either.

KEN ADAMS: You said earlier your mother wasn't young when she married.

No. I'm sure she was past thirty, and my dad was definitely past thirty when they married.

Where was he from?

Both were born and raised in St. Paul. Both have lived there always, or most of their lives, as far as I know. My dad went to school in the East.

There were three of us who came out of this marriage. And my sister, Audrey, the middle girl, died in 1995. She had a severe allergic reaction to some peanuts that she ate in a restaurant in London, and it's unfortunate, but she was gone in a couple of hours.

Why don't you give the names of your sisters?

The girl next to me was Audrey, and she was born on September 10 in 1927 or 1928, and then my youngest sister is Theodora Walsh, and she was born in 1932.

Tell me about your parents. What nationality were your parents?

Multi—English, Irish, Scotch, Welsh, maybe a little bit of Dutch. Both families have been traced back to probably some of the first people that came to America, and we were of that descent. I can't trace how they got to Minnesota.

Do you know your mother's maiden name?

Yes, Borden. I've forgotten her father's first name. I never knew my grandfathers. I knew my grandmothers but not my grandfathers. They didn't live long enough so that I ever got acquainted with them so I remember them.

But your grandmothers lived someplace in the vicinity of your life?

Yes, they both lived in St. Paul. And after my mother died, my grandmother—her mother—came to live with us and stayed with us until I was sixteen years old.



Jeanne's parents, Jeanne and Edward Walsh, with Jeanne and her sister Audrey, c. 1929.

How old were you when your mother died?

Seven.

So she died in 1933?

Yes. Because my youngest sister was just a little baby when she died. That I do remember.

Do you remember the circumstances? Do you remember how you felt and the impact of that on you as a child?

I think at seven there is no way that you can possibly understand what that loss is going to mean for the rest of your life. Maybe you don't even fully realize that you're never going to see that person again until the days and weeks go on. And I think I did really come to realize that after some time went by, that I really wasn't going to see her again, because I can remember my dad telling me, and I was in bed.

I said, "Oh." We cried of course, all of us, or Audrey and I. It didn't really mean anything to us until the days and weeks went by and she wasn't there anymore. Not that I can tell you it was three months or a year. I can't even tell you that, but I think it does become meaningful when you see others with mothers

and the relationships they have. I know then feeling a sense of longing and, "Why is it me?" although I had my grandmother who was doing everything she could to be that mother in our lives. She was still an older lady, and you know how sensitive kids are. And you make that distinction, you know. You say, "The picture isn't quite right here." And she isn't a mother like everyone else had.

She wasn't in touch like mothers are. The generation gap isn't that great, but with a gal that's sixty years old with a small child, there is a pretty big gap for her to understand, as we grew older, the life experiences we were having and how we were affected by having somebody who's a lot older and probably a lot more conservative than our mom might have been.

How soon did your grandmother come to live with you?

Right away. She was my mother's mother. Her name was Harriet Borden.

And she came right away and filled in. Were you already in school?

Yes, I'd started school. I was seven. I was probably in the second grade by then, and my sister next to me, Audrey, probably had just begun school. She was eighteen months younger than I.

Do you remember the name of the school?

Yes, Linwood School. It was within walking distance. We walked to school every day and went through our neighbor's backyard and had our way. I can remember every bit of that. And that school went through the eighth grade.

Then there was a four-year high school. That was at ninth grade when we went to Central High School, which, again, was probably a couple of miles from our house, but we walked. We walked to that school as well.

"We" being you and your sisters?

Yes, and kids that lived in our neighborhood. You always kind of organize those things and walk together.



Left to right: Jeanne, John Bierman (her cousin), and her sister, Audrey.

Do you remember anything about grammar school, the first eight years? Any significant things?

Yes. I was a pretty good student in grammar school. In that part of life, I was very competitive, probably always have been. I always wanted to do things as well as or better than anyone else. I tried that, and I can remember that if I could finish something faster or get a better grade than others, that made feel good. Those are the kind of things that I remember about grammar school.

Any particular teachers that stand out in your mind?

Yes, the lady that wore a hat always in class. Her name was Mrs. Kennedy, and she always wore some big hat. That I remember. [laughter] Really. And a funny lady! Probably a very good

teacher, as I look back, because I think a lot of foundation in our grammar and our understanding of it comes from your grade-school years. I remember having a pretty well-founded education in grammar and how to speak and how to punctuate and use words and meaning and what words were called.

Was Mrs. Kennedy part of that process?

Yes.

The important part? Do you remember anything particular about her that would have made her stand out, other than that she wore a hat?

[laughter] Just a rather large, full-busted lady, just typical of what you would think of a teacher—not teachers today but teachers then. Very business-like and down-to-earth and probably pretty strict with all of us in the class. But we paid attention to her, and she was interesting. As I remember it, I learned a lot from her.

What grade was that, do you remember?

Probably fifth, sixth, seventh, the later part of grammar school. Now, I don't remember particularly any teacher in my younger days there. I can't recall any.

Was there a subject that you liked better than the others?

Yes, I loved English, and I liked history—very fond of history—and I liked math, or arithmetic as we called it then. And I did well in math. I did very well in math. So you like those things that you seem to be able to grasp, you know? But those are the subjects that I think I cared the most about—language or the use of language, history, and math or arithmetic.

What was your home life like?

There was kind of a rule that we could fight amongst ourselves, but we never could talk back. We were severely reprimanded. And my grandmother always believed that any

disagreements between her and my father should never be discussed in front of us. Any differences should never be bared in front of us. So I can remember waking up in the middle of the night and hearing them discussing or arguing downstairs; our bedrooms were upstairs. They would be talking, and I could hear them, and I didn't like that, because I didn't understand that confrontations really are part of life. You've got to learn that at some point, but I can remember that scared me. That frightened me. They disagreed, and they weren't yelling or screaming, but I just could hear voices raised and speaking in a different tone than they did in front of us.

You mentioned once that your grandmother was a disciplinarian and your father wasn't. Was she the one who ruled and made the decisions?

Yes. Very definitely. [laughter] She did.

Not with just raising the children.

[laughter] No. She did. Well, with us and the running of the house, because that was her domain.

You said that your father had a dairy, I believe.

Yes, he had a dairy business and then lost it in the Depression. You know, people were having terrible times. I remember this, looking back on it, because I thought a lot about it and why he would have lost his business. He just could not collect money. If they were getting milk to feed their children and they didn't have the money to pay him, he'd keep delivering the milk. That was the kind of person he was. So it eventually caught up with him, because, of course, you can't do business that way or continue to do business that way. So he lost the business. I cannot tell you whether that was before or after my mother died. Then he was bought out by a larger dairy company that I think was in several cities in the surrounding area, and he worked in a semi-executive position with them and worked there for his entire life.

So he had a good job during the Depression?

Yes, he had a salary, and he was earning some money; although, believe me, we didn't have a lot. We never really wanted for things. It wasn't a lavish growing-up time, but we had a nice house, and we could do what most kids did. We had all the things that were important.

You said you had a house. He owned the house?

Yes, he owned the house. It was a two story, probably with four bedrooms and a living room and dining room and kitchen, a basement and a backyard—fairly good sized by today's standards.

What was the social life in the house? Where did you eat, and where did you talk, and where were you in that?

In our kitchen we had a breakfast room where we would sit and have our breakfasts. Then there was a formal dining room, and every night we ate at the dining-room table. My dad did all the serving. Chicken, roast beef, whatever it was, was brought and put in front of him, and he carved it, and he served all of us.

"Brought" meaning your grandmother cooked it and brought it to the table?

Yes. She cooked, and in the beginning, we always had someone like Hildegard, who was one of the girls that lived with us and helped my grandmother in caring for us and doing the housework and helping with all that. We probably had a person—Hildegard or someone like her—until I was ten, eleven years old. Then, of course, we were assigned a lot of the tasks. We did a lot of the cleaning, and we were pressed into service, which is right. [laughter] I mean, there wasn't anything wrong with that.

So we did a lot of things, although I must admit I never learned how to cook or really cared about it that much. [laughter] It didn't interest me, so I never spent a lot of time in the kitchen, not really. It didn't matter, and I don't think I've ever been particularly choosy about what I ate. There's a few things I don't like, but by and large, I can get by on almost everything.

And bringing that forward again to my married life, I think my husband decided that I was never going to learn how to cook. He loved cooking, and he had certain foods that he liked to prepare, so he did a lot of the cooking when he was at home. But as you will find out, there were a lot of times when he had to travel. I had a few things I could make, and the kids and I always managed to live, but cooking was not my forte.

Did any of your sisters have any problem in that regard?

No, neither. Audrey became a very good cook. In fact, she owned a restaurant which she and her husband operated and actually did a lot of the cooking and stuff. She planned all of the meals.

So we had Hildegard with us, and probably Hildegard lived with us most of the time. She was from a farm in northern Minnesota. Her mother and father had come from Sweden or Norway or someplace, and they had a farm somewhere, and then she came to the city to work. She was a young woman but a great pal for us. We just loved her, because she was more contemporary, you know? [laughter] But she did a lot of the work actually—the cleaning and things like that in the house, making the beds and washing and ironing.

What kind of conversations took place at dinner? What did you talk about?

We talked about what we did during the day. We talked about plans for whatever we might be going to do on the weekends. We tried to talk our dad into taking us, in the summertime, to the lake or, “Let’s go swimming. Let’s go on a picnic,” and that kind of thing.

I remember my dad talking to my grandmother about Roosevelt. He couldn’t stand him, and he thought he was giving the world away. That I remember. He couldn’t bear the sound of Roosevelt’s voice. We turned the radio off when he started speaking. That I remember very well. My dad just said that he couldn’t understand. He just never could believe in what Roosevelt was doing. Never got

on board with him, forever. He never came around to believing that he ever did anything right. I remember him coming in when Roosevelt was on the radio, just turning it off. That was probably the greatest show of anger or being upset about anything that I saw from my dad.

Your father didn’t show a lot of emotion?

No. He showed a lot of love but not anger in front of us, although I could hear that he was angry sometimes when he and my grandmother were talking. I’d wake up, and I could hear it. I hated that. Oh, I hated that. That I recall.

He never remarried?

He remarried when I was sixteen. My grandmother, by that time, was feeling that she just could no longer manage the house and manage us. Audrey and I were teenagers by then, and I’m sure that . . . It’s very hard to manage teenagers, having gone through four myself! I know what it takes out of you, so I can understand my grandmother. At the time, I couldn’t.

Of course, we became more confrontational with her as we got older, you know, disagreeing with the rules and policies that she wanted to put in place for us. We felt that she was being unfair with us and that we couldn’t do what the other kids could, and, “Why? Why are we so different?” [laughter]

I guess every kid, every teenager, feels that. I don’t know that there is any perfect answer for that, because I had my kids saying the same thing to me when they got to be teenagers. “And So-and-so can do this,” and, “That one could do that,” and, “Why can’t I?” Those were anxious times, I suppose.

But when I was sixteen, my grandmother said that she was going to leave. My aunt, my mother’s sister, lived in Texas, and her husband had died, so Grandma said that she was going to go and live with her. Then we got somebody to come to the house to be my grandmother, only a paid person, someone who was going to come in and run the house. Her name was Irene Kilty.

So probably within a year, she and my dad were married. She'd been married before, and her husband had died. She was a kind of a fun-loving person in some ways and yet could find something wrong with everything. I'll never forget how I would think, "How can't you see that there's some good somewhere?" She loved good jokes, and she was kind of a vivacious person, but oh, she was critical. Oh, terrible, terrible. I made my dad a saint for living with her, because she was always finding fault with him about everything in the world.

Were they about the same age?

Yes. Always finding fault with everything in the world. About him, about the house, about us, about whatever—you name it. [laughter] But in the end, I think she truly cared about us. You know, our hindsight helps a lot with that. She never had any children from her previous marriage, and so she had not the vaguest notion of how to deal with kids. That's probably what I'll say now, just because she had no experience. She just thought that kids should be a certain way, and when they didn't fit that image she had, well, then everything was wrong.

I think that's probably the most excuse I can make for her being so, so critical about so many things and fussing about all of the things that I just thought were unnecessary. With my dad, of course, I began to feel very sorry for him, because I felt he was the typical hen-pecked husband then. As I got older, I just thought, "How can he take all of that?" because she seemed to be concerned about little things that just seemed to mean nothing.

What kind of things did she pick on?

Oh, just the way we dressed, or if our shoes didn't have clean shoelaces and we didn't pick up our room the way we should. And I guess I was the same with my kids. I shouldn't say that I wasn't, but at the time, I can remember feeling that she was very critical.

But you described your grandmother as being a disciplinarian.

Yes, but this gal seemed to find fault with everything, all the way from what my dad put on to how he wore his clothes to how he walked to whatever he did. There was something wrong with most everything. She could find a problem with it.

My grandmother wasn't like that. She had rules. She said, "You're going to do this, this, and this," and that was it. There just wasn't any discussion about it. She would just say, "Jeanne, I told you that is what it is, and we're not going to talk about it anymore." And that was it. There was no room for negotiations, no room for anything. [laughter]

Whereas Irene's criticisms were really very . . . "Stop doing that. You're irritating me. Don't do that! You can't sit there and pick at that food. You've just got to eat."

Well, my grandmother would never do that. She'd say, "Jeanne, eat your dinner."

Pretty simple and direct, yes?

That's it. And I'd eat, and she'd say, "Is that all you want?"

"Yes."

"OK," and there you go. And Irene would fuss and carry on and try to convince us that that's what we should do and convince us in kind of a scratchy, rash voice. These are impressions I have. And I know she really loved us, and she really wanted us to eat, because she didn't think we were going to live if we didn't, or we weren't going to be healthy. So those are the kind of things that I recall.

In the evening, again, your father serves the food, and you're having it. Did your father direct the conversation? Did your grandmother direct the conversation?

Generally, although they used to ask us what our day had been like. I can remember that and discussions about kids in the neighborhood or what neighbors were doing. They were always anxious and really wanted to hear us tell about what we were doing in school. They didn't want us to fight—wouldn't permit us to fight or argue or disagree at the table. That was just out of the question. This was a time when we came together, not a time

for us to have fights. So it ended with eating dinner. I love dinner and always have. It was a time where we gathered and had a nice time.

Afterwards, did you play games, listen to the radio, read?

Oh, yes. We read. We listened to the radio. Tried to be allowed to go outside if we could. We lived probably four or five blocks from the railroad track and loved it if our dad would take us down there so we could watch the trains. We'd go out for a walk with him and talk him into taking us to the lake or going out for a ride or those kind of things.

You had a car?

Yes. "Take us somewhere." We weren't allowed to go to the movies that much. Once in a while we got to the movies on Saturday afternoon, but we didn't do things like that.

What kind of things did you like to read?

My grandmother read every Greek myth in the world to us, read some of the wonderful novels that were for youngsters, and read to us constantly. All of us.

She read to everybody as a group?

Yes.

And had she read to your father, too?

He would be in the room.

Other than the Greek myths, what others did she read then?

I'm trying to think what the novels were, but they were books that would appeal to kids.

Was that the central point, then, of your evening—your grandmother reading to you?

Yes.

Did you talk about the books afterwards and at the end of the story?

Oh, yes. We talked about the books, and we had our favorites, I'm sure.

What were holidays like? How did you celebrate holidays?

Usual things. Fourth of July I can remember burning my fingers on sparklers like every kid did and having the fireworks out in the backyard, my dad being the master of ceremonies for that. And Christmas was wonderful. We believed in Santa Claus for as long as most kids do.

Was decorating important?

Oh, yes. We'd have a gorgeous, wonderful tree, as I look back on it, and we all trimmed it. And that was a high event in our lives. What we got for Christmas, most every year, were new skates, because our feet were growing so fast. And if our sleds had worn out or a toboggan was broken, we'd get something like that. Those were the big gifts that we got, and then other smaller things, but those were the kind of gifts that we got, winter sports kind of things. We loved the winters and lived with them.

As I look back on them, I say, "My God, how could you really believe that was fun?" But I loved it. I never complained about it. It was cold as hell. I was telling my kids about how I walked two miles against the north wind to school every morning, and how come they can't just walk someplace? [laughter]

When you said you were competitive, were skating and sledding and those things a competitive activity to you, too?

Oh, yes. We just loved it. I had a lot of fun. There was a skating rink near the house. We all went just as fast as we could after school, on Saturdays and Sundays or whenever we were allowed to go. In most skating rinks we had a typical warming house where you could go in and put on your skates and then get warm.

I wore glasses when I was kid, and I can remember walking into the warming house and my glasses steaming up. I'd sit down, and I lost so many glasses that my dad and my

grandmother were just furious with me. I could never seem to keep them with me. That was one of the things I did, because I'd have to take them off when I went in, because they just steamed up.

What part did religion play in your life?

I went to church every Sunday. We were Episcopalians, and the church was probably eight or nine blocks from where we lived. Kind of a rustic-looking church. It was an old, old church. As I recall, it was wood and kind of a long, narrow building with a parish house and the usual things. We went to Sunday school, went to church, and were expected to go to church every Sunday, and that was just part of Sunday. We had to go to church, and no matter what. As I grew older, no matter what we did, we were expected to show up at church. We'd better be there. Not that anybody said that you were going to go to hell, but it was expected, that's all.

I believed in what I'd been taught there and probably carried those same feelings, a Protestant belief. And of course, in those years, if you were Protestant, you didn't cross over to the Catholics. You didn't intermarry, and that was kind of brought to our attention that, you know, Catholics are fine, but when you get married and when you have children, it presents many difficulties.

I can remember this from being very young, that we were taught we should look at people and make friends with people who were Protestant. It would be a better road for us to take. My youngest sister ended up not marrying a guy that she'd gone with for a number of years, because he was Catholic. That is how deep those traditions were when I was growing up. I think, personally, if I'd met some guy that was Catholic and I wanted to marry him, I probably would have said, "I'll work through the details." But it wouldn't have bothered me. But it did bother her to the point that she didn't marry the guy.

Describe your father. What did he look like, and what was he like as a person?

He was probably about 5' 10", and from the day I can remember him, he was totally

bald, just had a little fringe of hair. Nice-looking man. Not heavy at all. He always stayed in shape, all through his entire life. He lived to be seventy-five years old.

What did he do to stay in shape?

He just was active enough and did enough things around the house. I don't remember him exercising, but he just did not put on weight, and I don't even remember him being pouchy or anything. He was a good-looking man and a very, very kind, gentle person, and he certainly cared. We became the most important people in his life for a lot of years, which I'll always be grateful for when I look around at some of the things that happen and how fathers do not care, and mothers, for that matter, too. He certainly turned over his life to us.

Did he have a suit-and-tie kind of job?

Yes.

And then in the evenings or on the weekend or in the summers, did you go fishing or hunting?

Oh, yes, but not hunting. He was not a hunter, but we went fishing, and we went on picnics, and we went hiking, and we loved to swim. Minnesota is the land of ten thousand lakes, you know.

Were you a good swimmer?

Yes. I don't remember learning how to swim. I don't think any of my sisters do, nor do my kids.

They were just born that way, yes?

Yes. They got in the water with me. [laughter] My oldest daughter became a competitive swimmer and did well with it.

What was your father's personality like?

Warm and loving and not critical that I remember, willing to give us advice when we asked for it but not critical of what we did.

When we started dating, I can remember, he never went to bed. He sat up, and he was in the living room when we came home. That kind of thing, you know? Really cared about what we were doing. Certainly there were times when he got angry with us or where he would be a little abrupt or he'd say, "Oh girls, please leave me alone. I'm tired." I can hear him saying that. He was certainly always there for us, and that was great. That was great to have that out of what had been a really tragic kind of beginning—to have somebody that we can look back on now and say that about.

Did you kind of all flock around him and take him home and follow him?

Oh, yes. He'd carry us. I can remember, we'd just think it was the greatest thing in the world. He'd get all three of us and carry us upstairs. Well, I'd probably be on his shoulders and another one under this arm and another . . . That was the greatest thing in the world. I can remember that.

Carried you up to bed?

Yes. I was so afraid of lightning, and he'd come and sit in the room with me, and he'd brush my hair, and he'd say, "Now, it's not going to hurt you, and there's nothing here. You just can't be afraid, and I'm going to stay here with you." He'd stay in the room until I went to sleep. And he cared, you know? I'm certainly not afraid of lightning today, but I was when I was a kid. I just hated it when the thunder would start and I'd know the lightning was going to start.

What was your grandmother like? What did she look like?

She was probably about my height [5' 7"]. Gray hair, just like a typical grandmother. She had kind of a very angular face with a very sharp, much larger nose than mine. Very trim, but she always had a little pouch here, but nothing huge. She was just a little thing.

Was she as thin as you are?

No. She was thicker through the middle than I am, but that's because I do a lot of exercise. Women in those years didn't think about stuff like that. I'm thinking about it and care, you know. But she was slender otherwise. Her legs were very shapely. She was a nice-looking lady but a grandmother. You would look at her, and you'd say, "That's a grandma." I don't even remember now seeing pictures of her when she was young, so I'm not sure if she was a gorgeous-looking thing or not.

You think she was in her sixties when she came to live with you?

Yes, I'm sure she was.

Do you remember what your mother looked like?

More from pictures than from memory of her. She was a redhead, and she had a red-haired person's complexion. She had light eyes and that sort of sandy complexion that redheads have, fair skin. I don't recall her being fat or overweight in any way. And of course, from pictures, she wasn't. But I don't really remember her.

Did you talk about her among your sisters as you got older? When you were still small enough, did you talk about her and wonder what she was like and make up stories about her?

I suppose we did. I don't remember them. I suppose we did.

What kind of personality did your grandmother have?

She loved to play bridge. She read a great deal. She had graduated from college, and she was a teacher before she got married, so she was one of those people that probably had done more than most women her age.

I can remember she did things in the church. She was in several church guilds and things like that. She usually took a leadership position—I would suppose you would call her chairman. I know she'd get involved in stuff at church to raise money and things like that.

Then my dad became a bridge player. I don't know whether he always was one or became one because of her. They used to have people come over and play. They'd play cards. Never for money. They didn't gamble. They didn't believe in that.

Did you learn to play cards in your childhood?

We learned to play just simple games, hearts and things like that. Maybe we played rummy.

Were there any games that you played as a family?

Oh, yes. You know, the usual: Parcheesi, Monopoly, whatever the games were. Oh, yes, we played them. It was pretty normal growing up, you know.

What kind of things did your grandmother read? Do you remember anything about what she read?

She read books. My father read more current events, magazines, that kind of thing.

Your grandmother seems to have had at least an equal weight in the house.

Oh, yes. She was a substitute mom for us.

And somewhat of a model maybe for you in a career, because if she was acting outside in her leadership role and some of that, then . . . ?

Yes. Well, I think I admired her and respected her. I always felt that she knew what she was doing. You know how some people are lost? They don't know what they are or where they're going. Well, that was not her. She knew exactly where she was going and what she was about and what her role was there and what she did wherever she went.

And she did leave when you were sixteen, and she went to live with your aunt?

Yes, and she lived to be ninety-two, ninety-three years old and died while she was living with my aunt.

Did you see her much after she left?

No, I never saw her again.

Never saw her again?

No. Well, you see, because I left Minnesota and married a man from California, and I didn't come back. After I got married, for the first ten years of our marriage, I never went back. We didn't have the money, couldn't do it. I had kids. I had, just, things.

Oh, I shouldn't say ten years. It was probably the first five years. And then Irene and my dad came to visit us in California, where we were, and came several times. Then I went home for my youngest sister's wedding. I was in her wedding in that church that I described to you. So I went home for that, and that was eight years or so after I was married.

Did you write to your grandmother?

Yes, I wrote to her. When she was living in Texas with my aunt, yes, I did write to her. Oh, it was more about my children then and what we were doing, and she always wanted to know and always cared about where we were and what we were doing.

Usually people have somebody in their mind that they're playing to throughout their whole life. They say that they are doing it for this person to look at. Not necessarily asking for approval, but this is why they're doing it. Was your grandmother that to you?

I don't know. If I thought about it, it would have been more for the purpose of making my dad proud of me.

He was the person.

Yes, and he deserved that, because he was always so proud of whatever we did, or he enjoyed so our accomplishments and where we went.

It didn't matter what you did or anything. He was always proud of you, and so you felt that, no matter what?

Yes. Of course, I didn't do anything really bad, didn't make him disappointed, I don't think. [laughter] As I look back on it, I don't think I was nearly as difficult as my kids were for me to raise, and that was probably my personality versus his and Grandma's. So I think I was a lot easier and accepting of the things that were laid out for me than my children were of whatever rules and regulations we had in our house as they were older and got to be sixteen or fourteen or thirteen. We were a much more permissive group then, I think.

That's just a different way of life, probably. My dad just seemed to be so pleased with things that we accomplished that, as I look back, I always would think, "Gee, Dad would have loved this." When good things happened to me or I did something that I was particularly proud of, well, I would say that it was for my dad.

What was summer like? What did you do in the summer?

We went to a Girl Scout or Bluebird or Campfire Girl Camp. I think each of us managed to do several weeks at a camp in the summertime. When we were very young, even when my mother was alive, we all were My sister, Audrey, and I had allergies. Audrey was asthmatic, and I had hay fever badly, and my mother had hay fever. So when we were young—and I think up until the time I was about ten or eleven years old—in August they tried to export us to northern Minnesota, because up there, whatever grows wasn't nearly as bad for us, or the ragweed and the goldenrod and all that gave us such bad allergies didn't grow as profusely in the northern part of the state.

So we'd go up and stay on a lake called Lake Caribou, which was not far from the Canadian border, and we'd have a typical cabin there. It was kind of like camping out, except you'd have running water and indoor toilets and stuff like that. But it was a rustic kind of a cabin, and I don't think there were real bedrooms. *We loved it*, because it was just the lake there. We could swim. We had a boat there. My dad got us a rowboat or some damn thing that we probably played with there, and we

could walk for miles. Loved the little chipmunks and animals that were always around and those kind of things, and that was fun. We'd spend six weeks or so up there.

The whole household would go?

Yes, everybody. We'd all go up there, and then we quit going to Lake Caribou, and we went to Lake Vermilion, and that was the same kind of thing. I can't remember now why we didn't go to Caribou anymore, but we went to Lake Vermilion. Both were in the northern part of the state, so then we would get some relief from our allergies. I would, particularly, and my mom, too, when she was alive.

We were bothered so badly with hay fever. And then to come back—because you'd come back before the frost had come—it was so miserable, just so severe. I can remember my eyes just being swollen closed. I was very allergic. And believe me, that was one of the real treats of moving to California and getting out of Minnesota, not having to deal with that. [laughter] I wouldn't think about the cold weather or anything but just not having the hay fever. So that was good.

But that was summertime. When we were young, of course, we didn't go to Girl Scout or Campfire Girl Camp. We did that when we were probably nine, ten years old. That was the first time that we could go to camp, and that was fun. We loved that. As I remember, I never felt homesick or anything. I loved going away and being with other kids. Oh, that was great. And the life at a camp. You'd have something planned for almost every minute of the day, and eating together. You know, all the things that camp means. I always felt great about that.

You were a pretty energetic child? Always on the move, always wanted to be doing something?

Oh, yes. I loved it. I loved to swim and loved all the winter sports. We were all pretty active.

But all those sports were in noncompetitive environments, though. It wasn't a team thing.

No, they weren't. That I can now remember, I don't think that I really competed in any sports. I'm trying to think.

Women didn't do very much in competitive sports in those days?

No, I don't even remember that we'd have teams and things like that. I don't know. At any rate, I did not take part in that.

And your father did the same kind of activities? Your father skated in the winter?

Oh, yes. He loved to skate. He was a good skater. He liked that and always went with us, and he swam—loved to do that and be with us. He always went with us, although as we got older we could go off and skate by ourselves—not swim but skate. And, of course, he was always with us when we were swimming.

Did the Depression seem to have had much of an impact on your life? It certainly did in the beginning in setting the tone of it.

Yes.

But probably something you didn't feel or understand very well?

No. I did not really understand it. Not until I learned about it. But living it, no, I don't think we suffered or had to give up a lot. I didn't ever feel that I was deprived when I was a youngster. I'm sure there are people that . . .

The other families in the neighborhood—everybody kind of owned their own houses and had cars and jobs?

Yes. I don't remember any tragic stories about things in our little world that we lived in. I'm sure there were, but not in my particular neighborhood. But those are the years of the Depression when a lot of people lost a great deal.

Your father's mother also lived in the area?

She lived in an apartment probably about ten or twelve blocks from where our house was. She was a little, tiny lady. I can remember her, Gran. She probably stood about that high. [laughter] I don't think she was five feet! Very little but heavy—I mean stout. Much bigger than my grandmother who was living with us. And she would tell stories. She'd just gather us around, and she could tell us stories about growing up with the Indians and living in Fort Snelling and having the Indians attack the fort and things like this. We'd just gasp! It was just the greatest treat in the world for her to come over, and we'd probably hear the same story over and over and over again, because that's what I remember. But she was a great storyteller.

She had a beau. It always amused us, and we thought he was pretty grand. I mean he was a good-looking, dapper fellow that came and always seemed interested in us and paid attention to us. You know how it is, you often feel people are patronizing toward you. I never had that feeling from that man. I didn't feel as though he was patting us on the head, and he seemed to have a genuine interest in what we were doing. I think he loved to listen to Gran's stories and see her interaction with us, so I never felt that he was just paying tribute. I think he was truly interested in what we were doing, but that was my only recollection.

It's difficult now for me to remember when she died. I do remember that she went to live with my dad's brother who lived in Eau Claire, Wisconsin, and that's real small, I guess. She finally was no longer able to be by herself, but it wasn't feasible for her to come to our house. We had a full house. So she went to live with Uncle Bob, and then I kind of lost track, you know. I was approaching my teenage years, and by that time you get goofy and you don't pay much attention to where your grandparents are. You're interested in other things.

When you say she told stories, what kind of stories did she tell?

They were experiences that she had as a child, and I'm sure that not all of it was fact. I think some of this was fiction, but she told us about the Indians coming, and she talked about

how she lived in and around St. Paul. She'd been there forever. I think she grew up there. As far as I know, she never left there, except when she went to Eau Claire.

Interesting contrast. One grandmother doesn't have any men in her life, is pretty strict, reads to you, takes literature very seriously. And the other one seems to have more frivolity in life.

Yes, that's right. That's right.

And tells stories.

You know how people spin stories. I can't remember now, but I'm sure she made up a lot of it as she went along. I'm certain of that.

But you were as eager to hear her stories?

Oh, yes. We loved for her to tell us stories, although I will always treasure the reading that my other grandmother did. That was a highlight. Because whatever the stories, whether it be *Tom Sawyer* or *Jane Eyre* or any of the Greek myths that I mentioned to you or any of the other famous novels that would be appropriate She would never do things that were "fractured" things or true romances and things like that. We'd always loved to sneak those things, and she would just have a fit if she would see us reading it. [laughter] *Trash!*

I don't remember, did you give me both of their full names?

No. My mother's mother, who lived with us, was Harriet Louise Borden, and, my other grandmother's name was Nellie Walsh. Walsh was my maiden name.

When did you start high school? What years were you in high school, and where did you go to school, and what was it like?

I can't remember the exact year I started high school, but I started Central High School when I entered the ninth grade. I graduated from high school in 1944.

Then you started in 1940, probably?

Probably. I graduated in the spring of 1944, although I think I got out of school after Christmas. We were on semesters, and I think I got out of school, and then I went back and went through graduation exercises in the spring. So maybe I worked hard and got out of school early. I don't know. But I graduated in the spring of 1944. Fifty-some years, in fact—it's now 1997. Oh, my goodness! I've never gone back for any kind of reunion.

Have you ever considered it?

No. I don't know, I guess my high school years have never left a huge impression on me. I don't think I ever did anything that I was particularly proud of. I was just finding myself. I wasn't great. I mean, I wasn't a failing student, but I was not a great student and probably just busy with growing up, finding myself, being a girl, and looking at the boys and having that interaction with kids my age. Everybody goes through it. I was just so occupied with all of that that I don't think I did anything that I really can look back on and say it was great or that I did wonderful things, because I didn't. I managed to get by. [laughter]

Do you remember, in particular, any activities that were important to you? Did you belong to any clubs? Did you do any social activities? Do you have any friends from that time that you remember?

No, I don't. And you know, it is just strange. I do not have much of a memory about the people that I went to school with. I can remember walking to school with kids that lived near me, but I'd known them all in grade school. I just don't recall a lot.

There was a war going on through most of that.

Yes, the war started in 1941.

Do you remember the context of the war?

I remember when the war started. Yes, I do remember that. I remember the kids—I can't even put names on them now—saying, "Well, we're going to go. Yes, we're going to join the

service when we're seventeen," or eighteen or whatever the age was that they could be accepted into the service. And, of course, we thought the war was terrible. I do remember a girl marrying. She got pregnant or something, and then, of course, she and the fellow got married, and he went off to become a pilot and was killed. That made a huge impression on all of us. That brought the war somewhere close to home, and it was a girl that we knew.

Did that motivate you to think about doing anything particular?

Not that I can remember now. But I did work, after I got out of high school, in a USO. I was a hostess in the USO. I remember that.

Serving coffee and dancing?

Yes, that kind of thing.

Your father was too old for the war?

Yes. My father didn't fight in the war.

And your uncles would have been too old, too?

I have one uncle, and he was my mother's sister's husband. He was older, past the age that he would be called to service. My dad served in the first World War.

Overseas?

No. As I remember, he was a commissioned officer and served, but I think he stayed in the United States. I have a picture of him in a uniform.

You were telling me before about going to work in the summers. Did you start in high school, or when did you start work?

To Yellowstone?

Yes. That was actually after high school?

After I got out of high school.

Did you work in high school?

Yes, I worked in a department store in downtown St. Paul, the Emporium. Yes, I did, and I was a good employee. I guess because of the way I was brought up, I had a work ethic. When I went to work, I knew that somebody was paying me for my time, and I was attentive to my job. I was a salesperson. I could remember kids seeing if they could get away with this, that, and the next thing and not showing up or not paying attention, not caring, not taking care of the customers. I know that I always felt that it was my responsibility, and I felt good about having a work ethic like that.

A better employee than a student by the way you describe it.

Yes. That's right. Somebody was paying me, and they should get my attention. And I enjoyed working. It wasn't anything that I dreaded going to or felt put upon because I had to work. If I wanted more money than I was being given in an allowance, I had to work. That was about the size of it, so it afforded me clothes that I probably might not have been able to buy and things like that.

I think you told me before that you were a soda jerk. Is that what you did there?

Oh, that was during my college years.

That was later. Did you date in high school?

Yes. Oh, yes. [laughter] Went to the junior and senior prom and all those kind of things. I can't even remember the people I went with now, but I did all of that. Oh, yes, I dated. Boys were very important. In fact, I was a good student in grade school, but when I discovered boys I kind of lost the desire to really be an achiever in school, which I think may happen to a lot of people. In fact, I've watched my kids, several of them, do exactly that. [laughter] And they were doing quite well until they got to a point when they knew about boys.

Before when we were talking, you were telling me about college. You seemed to have gotten serious again. So you just kind of had to take a little mental break there?

No. It's just discovery. It's discovering yourself as a young adult. You know, some people can handle it better than others, I guess.

Was there anything significant about the ceremony of graduation or anything about the high school graduation or the end of high school that was important to you?

No, not particularly.

High school just wasn't important to you?

No. It happened to me, and I didn't have any hatred of it, nor did I have any real sense of achievement about it. The dating and having fun with the kids that I went to school with was more of the agenda than the academics.

And even afterward, it doesn't stand out in your mind what exactly you did or anything? It's just all kind of vague?

Yes. I took a course that prepared me for college. You could take another kind of a course, but I took a course that prepared me for college. I took French for a couple of semesters and didn't do well in that. So then I changed to Spanish, and I stayed with Spanish for the rest of high school where we had a foreign-language elective. Took the general math courses that were required in a college-prep course. I loved English—did well in English always, and I had an interest in it, maybe just because I grew up loving to read and having an interest in reading and finding that I could get lost in a novel very easily. Reading was a pleasure, so that part was great. History got to be awful dull and boring compared to seeing what this guy was doing outside or after school. [laughter]

What did you do in the summer between high school graduation and when you went to college?

I think I just worked in the department store. Maybe when I was a first year in high school, we might have still been going to northern Minnesota to stay at the lake for six weeks. We might have done that. I don't know. I may not have wanted to do that, because I'd

be afraid of losing my job, because I did care about that job. That was giving me some money that I could use to buy things that I wanted.

Did rationing affect your life?

Oh, yes, rationing was definitely a point in our lives, sure. And that may have been why we didn't go to northern Minnesota. I don't know. But I can remember gas stamps and having to be careful about how much you used the car and that kind of thing.

You got to use the car, but you didn't have your own. You used the family car?

I could use the family car, but I didn't have a car of my own, no. In fact, most kids then didn't. I can remember a couple of the boys had old, really ancient cars that would hardly run and in the cold weather would never start and that kind of thing. [laughter] But they were mostly older cars that the kids had. Well, of course, the kids could use their family's cars if it were an important date and things like that. I can remember a couple of old tin lizzies that were just to get you there and get you back.

So I graduated high school. As I told you, I was really out of school in January of 1944, and so I got a job at a division of Lockheed where they were making aircraft parts. I worked in an office with some guys who were inspectors of some sort, as I recall. They made rough notes of their inspections, and that was all they did. They did not write well. I can remember that. [laughter] In fact, their use of the English language was pretty horrible, but I took those notes that they made and typed them and put them into a readable form that would be presentable as a memo about their inspections. That was really my job.

Then I had to keep track of blueprints. I can remember a library of blueprints that I had to keep updated. New things would come for these blueprints. I call them blueprints, but they probably were specifications for the parts that they were making. I knew I had to keep on top of that and keep those in order, so that these inspector fellows could come in and look at the most current revisions. And I'm sure they were specifications. So I did that for the balance

of that year and for the entire following year. By the fall of 1945, I realized that I wasn't going to be able to do much unless I went college. (I'm trying to remember if it was the fall of 1945 or the fall of 1946.)

I worked at that job and, of course, loved it. And oh, I became a big spender. Now I thought I was making all the money in the world, so I was out buying clothes. Well, I got myself in debt. That was terrible. And of course my dad said, "Hey, you did it. You get out." [laughter] So, I had to be very frugal with myself and my spending, and that was a valuable lesson to learn. I thought I had all kinds of money.

Probably owed two or three hundred dollars?

Yes, I imagine. [laughter] And I can't remember what kind of salary I got. I think it was probably pretty good for those days and times. You know, the war created a lot of much higher-paying jobs than you could have gotten before the war. I remember that. No, I just think that I was earning a good deal of money for *me*. In the context of what I was able to do, I think it was quite a bit of money. So that was kind of neat and a very valuable lesson that I learned, having to get out of debt at a very young age. But that was OK. That was a good lesson, and I got by that. Outside of that, I really don't remember a lot about high school.

Do you remember much about your sisters during that time?

Audrey was a lot more outgoing than I was. Audrey's the sister who was eighteen months younger than I. Of course, she went to grade school and high school with me, but she was far more outgoing. She was a joiner, and she was in every club there was in the school, and she was a spokesperson for a lot of them. She was really a lot more outgoing. She just had the ability of being a joiner, and I never cared about that kind of thing. That was not something that was interesting to me.

My youngest sister, Teddy, was quite a bit younger. She was six years younger than I am. Well, of course, I know her story, but I don't remember specifics about her. I remember we used to fight and argue like kids do, but that's about it. As we got a little older, of course, somebody had to stay home with Teddy when she was still young enough that she couldn't be left alone, but I don't think that ever really troubled us. I think we got along. We managed to work it out so that we could care for her if we were ever given the responsibility. Grandma and Dad had the trust in us to do that.

I can remember being kind of proud and saying, "Gee, they really do think that we're not as crazy as" As you're growing up, I think you think your parents don't realize that you can do a lot of things that you think you can do. So it was kind of a point of pride when they'd leave us with Teddy because, "Well, maybe they *do* think we're a little more capable than we think they think we are." Anyway, I can remember that being a good point.

COLLEGE, YOSEMITE, AND DAVE

After you worked for Lockheed, you said, "There's no future in this. I need to go to college if I'm going to be something."

Yes, that's right.

What did you think that being something was going to be? What did you imagine was possible for you at that age? Do have any idea?

What did I think I could do? Well, I guess you start college saying, "I know if I manage to complete these four years, or whatever it takes to get done, that there's going to be a better future for me. I'm going to find out how to do something that I don't know how to do now that's going to give me a better life."

Well, of course, that isn't altogether true, naturally. You know that, and I know that. I just knew that if I could do this that it was going to be better for me. And of course now, as I look at what the years at the university taught me, more than anything I learned not a trade or a profession, even, but the ability to communicate. The ability to read and analyze things and try to explain them and try to communicate in a better way. To me, that was a lot of what college was—to discipline yourself, to improve your communications, and that was really what I found in school.

Of course, there were a lot of things I loved, like humanities courses, and I loved the courses that I took in psychology and statistical analysis. I got into a lot of that and felt then, as I progressed in school, that I would probably become a human-resource-type person, personnel director or that kind of thing. That would be something I would like to do, something I had an interest in. Then I focused more on the kinds of courses that would lead me into that. My major was psychology, but it was pointing more to that direction [human resources] than into the direction of counseling and that kind of thing. I never had a view of doing that. I don't remember ever dreaming about it or having any illusions about my being

So even though you were doing psychology, you were thinking about business?

Yes.

This may be the second place that you felt that that was a valid place to be, that work was a valid place to be. You don't appear to have been thinking about getting married and having children.

No, I didn't.

That wasn't your focus.

That was not. I was dating all the time. Of course, the war was over. Everybody had come home, and things were right in the world again, and they were great times. They were great times.

I don't remember dating anyone when I was in school that had been overseas. I married a guy who was, of course, very heavily involved in the war, but I didn't know him then. The kids I dated in college, many of them had been in the service. I could tell the difference between those who had been in the service and those who hadn't. They were generally a lot more serious and a lot more focused and had a lot more idea about where they were going and what they wanted to do. That I will say. I see that the service made a vast difference in their lives.

Several of the young people I knew had been in the service, and I think it probably changed the direction of their lives entirely, even though they never went overseas. They never saw any war. Having the experience of the army or the navy was really a changing point in their lives, and I think that's great. Because I guess you do eventually get focused, but these guys seemed to have gotten focused overnight. They had learned discipline, and they learned a lot about life in a very short time.

Now sports and the environment of sports in college is such an important thing. Was it a noticeable thing to you? Was it on your radar screen at all?

Oh, yes. Always went to the football games and basketball games. We were all into that. That was a very big thing in our lives.

And this is the University of Minnesota?

Yes. My aunt's (my mother's sister's) brother-in-law was a guy named Bernie Bierman, and he was one of the great coaches of the Minnesota college teams. In the 1940s he was recognized as one of the great coaches of all time, and I can remember how proud I was of that and the team. That really brought me, in a personal way, closer to football, and

of course, I knew him, and that was exciting. He was king on the campus, which was great.

You still lived at home, though?

Yes, I lived at home. I went to the university, and my dad said that he would allow me to live at home in my same room, eat at home, have all the things that he had furnished at home, but that I would have to earn the money for my tuition, my books, and my spending money. Having the job at Lockheed, I had been able to save enough money, after I got past my crazy spending sprees.

I put away enough money that I could buy my first year in college—buy tuition, books, and so on—so that was great. I made that investment and started out that way by having the money to do that. Of course, state tuition was far from being horrible, and it was close. I lived on the side of town that was closest to the university. The university's kind of in between downtown Minneapolis and downtown St. Paul. Now there's a big residential area on both sides, and then, in the middle of that, near the Minnesota River, is where the campus of the University of Minnesota is. So it wasn't hard for me to get to and from school. Transportation was great. I didn't have a car. I took buses or trolleys, so it was never a problem. I was able to do that and also to make my hours to work in the drugstore in the evenings, so it worked out fine.

Your next job now is your drugstore job where you're the soda jerk, making ice cream sodas and such?

[laughter] Yes, right. You know, a funny thing about that was when I first went to work there, I thought, "This is so wonderful." I loved all the sundaes and all of those delicious things that were horrible for you. And you know, within two months I realized I couldn't stand to even look at them. I mean, I just didn't want to eat them. It was just revolting to me. So that's how fast you get cured.

Did you smoke?

Yes, I smoked.

Everybody did.

Oh, yes. I started in high school long before I ever should have. If you could, you'd sneak off of the campus where the high school was, and you could go down the street. A girl I knew lived across the street and down, so we'd go and stand in front of her house and near her house, and we'd smoke in between class or at lunchtime.

I would guess just from what you said about the grandmother that lived with you that as long as she was there that she didn't smoke and that she probably didn't approve of smoking.

Oh, no. [laughter] She did not approve, nor did my then stepmother. Oh! She just thought it was the worst thing in the world. My dad smoked, and, of course, I puffed away. I'm sure she could smell it. For one who doesn't smoke, they can always smell it. I know now since I'm a reformed smoker about all of that, and I can smell it very clearly on people who still do smoke.

How long did you smoke?

Until Thanksgiving 1986. Not because I was feeling bad, not because I felt that it was really damaging my health, although it probably was. But I had found in dealing with groups of people now that very few people were smoking and that you would have to ask permission to smoke. By that time, I was in Atlantic City. Most people I was around were men, and many of them didn't smoke. So you'd have to sit next to somebody, and I often was the only woman, and I'd have to say, "Do you mind if I smoke?" [laughter] I'd start off that way, and then, "Where's an ashtray?"

Then they would say, "Maybe you should open the window," and these kind of things. And I'm wondering if I want this image of myself. I felt terrible about it. It was like I was hooked on something, and I didn't want anybody to think that I was a weak enough person that I was hooked. All these other people were not smoking. They're able to get by and live and exist.

So I'd been home at Thanksgiving, and I went back to Atlantic City. I got off the plane in Philadelphia, and I had about, probably, half a pack of cigarettes, and I threw them in the trash, and I have never picked up a cigarette since. And believe me, there was a long time after that that I did want to smoke. Oh! I don't know how I ever did it, because it was probably one of the most stressful times in my life, those days in Atlantic City.

Smoking was an image. It was an important part of the image of a young woman and being kind of a young woman of the world. One of the ways that I picture it in my mind is that your grandmother's generation would not have smoked—that women would not have smoked. It had a moral issue to it. But it became a fashion issue somewhere during the Depression.

If you didn't smoke, people wondered, "What's the matter with them?" And that's true. Then all of our idols in the movies were smoking. I can remember that. And seeing that all these actresses and actors that we admired were all smoking, we just thought that was perfectly all right. [laughter] It made us more glamorous, sophisticated. We knew what we were doing. Yes.

A college girl making sodas and smoking cigarettes, is that right?

[laughter] Yes, exactly like that. And I could take drinks. Oh my gosh. Probably drank before I was legally able to. As I remember it, they weren't nearly as intent on finding juveniles drinking in those days. I don't think anybody cared that much, you know. I was questioned now and then.

Was alcohol an important part of your growing up in any sense?

No, and that was one thing. My dad never drank. My grandmother never drank. So we never had any liquor in the house of any kind—beer, wine, or anything else. It wasn't until I got out in the world that I found out about those things. I probably overindulged at times

and found out how sick I got, went through all of that experience, but it wasn't an important thing, no. I didn't mind having a drink. I thought it was fun. I mean, I did what the other kids did. I joined the party, and I think that was the compelling thing about it—not to go out and drink but to be part of whatever was happening with the group you were with, the kids you were with, or the young man you were with.

You talked a little a bit about your stepmother, but I think probably she won't be much a part of the story after you're in college and you're going to be gone summers anyway. So again, could you give a sketch of her—her full name and as much as you know about her—and a little sketch of the kind of person she was and what impact she had on your life?

Her name was Irene Luhman Kilty. Kilty was her husband's name. She was a widow. She was sixty-five years old when she died, which was in 1965.

So she was born in 1900? So she was in her forties . . .

Yes, when she came to live with us. Oh my gosh, in her forties. And when I think about how she looked. [laughter]

What does that mean?

Well, she had a real matronly look.

Not young. Not energetic.

No. No.

Not feminine in your mind?

No. There was nothing glamorous about her. She was just a matronly looking lady. She was a nice-looking lady. She had beautiful blue eyes, but she had all-white hair, and she wasn't thin. I mean she wasn't fat or huge or heavy, but she was about twice of me, and she walked kind of slower than people walk today that are that age.

Do you know what year your father was born?

Eighteen eighty-nine, I think. He died in 1964, and he was seventy-five years old when he died.

So he was about ten years older than she was.

Yes.

By that point, he'd been single for fifteen years and probably pretty pleased to have . . .

Have a wife. You know living with Grandma there was not exciting, I'm sure, for him. To put it mildly, it was not exciting. Although he loved us so much, I think that all of that was exciting to him. He was so proud of us. As we went along in our lives he really, really did enjoy watching me when I first had kids. He was proud of me for what I was doing then. Oh, we were just his whole life.

But I think you were absolutely right. It was fun to have Irene there and have a companion and a friend. They could go out together. She also was a bridge player, so she replaced Grandma at the bridge games, and they could interact with people their age.

She also was not a drinker. I mean, she didn't care about booze, and so that was fine. That was not part of their lives. She didn't smoke—hated smokers, smoking, and fussed all the time about Dad smoking. All the time. This was way before there was any thought about it being damaging or dangerous to us. She just disliked smoking very much. The smell of it, the look of it, she thought was terrible. Because I don't remember my grandmother being as vocal about it as Irene was. She really didn't like it.

But you described your grandmother as having pretty clear rules. You knew what the rules were. You didn't do what she told you not to do. And your stepmother is complaining about everything, but you pretty much didn't pay attention to anything she said.

Oh, it just rolled right off our backs. And we just went out and did what we . . . I think I behaved myself pretty well until Grandma left, but then I started to really become a part of the world, out there experimenting with this, that, and the next thing. I think I was

pretty good until Grandma left. But my gatekeeper left.

The gate's open!

Yes, now time to fly.

So, you're at the university, and you had enough money the first year from working in Lockheed to go through school, because your father was going to pay board and room, but you had to pay your own tuition and books. You were working in a drugstore during the year, but then that first summer was the first summer you went Yellowstone?

Yes, and that was the summer after I finished my first year at the university. As I recall, we just got out of school and got on a train and went to Yellowstone Park. It was that quick. There was not time in between. Well, first of all, it took us a day and a half to get there on that train, and then we had to get ourselves put into the dorm, and we had to set the dorm up. I mean the beds were in the room, but then we had to get ourselves unpacked and set up in that room. If you came with friends, you could have those friends as roommates. Nobody dictated who could be in the room—you could have friends. I can remember three of us chose to be in a room together, and we had three beds in the room.

Do you remember who the other people were?

I can't remember their names. I can remember one went home. She couldn't take it. [laughter] I don't know that any of us knew what we were in for. We had to set up the rooms, putting all of the amenities into the room, making the beds. Because all of the things had been put away. Well, we found out about it being put away, because at the end of summer, we'd have to put everything away. So pillows and bedpillows and all of the supplies you used and all the things it takes to make up a room, we had to get everything out, and we had to get organized.

Well, it was hard there. Believe me, it was hard work, and I was tough enough that I wasn't going to let that stop me. But this girl,

she just couldn't take it. She'd never done anything like this. She didn't like it.

Is that the work itself?

The work.

And you had two jobs. The first job you had there was . . . ?

A maid. That was the first. And I'm just talking about the first summer I got there—my first experience of getting there. Yes, I was a maid. And the maid is a maid. You know what they do. They go in and clean up the rooms. That's exactly what I was.

And I would have thought that, although you said the kitchen wasn't much a part of your life, that you had grown up with chores.

Oh, yes. We had to make our own beds. Usually, we had to change our beds and keep our rooms clean and also help with cleaning of the entire house. We were assigned certain things that we did, from dusting to vacuuming.

So when you got to this job, it is just a little longer version of the same thing with a social evening following it?

Yes. Oh, yes, by all means! [laughter] Just a fun time.

I don't think the sparkle in your eye when you say some of these things shows on the tape. [laughter]

[laughter] Oh, it was fun. It was really a neat experience.

They recruited you, I take it. Somebody came to the university looking for people?

No. They set up offices in Minneapolis, and they'd had ads in the paper.

And you responded to an ad in the paper?

I went to the office where they said you could apply to go to Yellowstone Park and

presented myself and others—friends, girls. We all said, “Oh, this sounds great! We’ll go do this.” So we went down.

[laughter] You pictured yourself being park rangers?

I don’t know what we thought we were going to be. *[laughter]* I have no idea. But we all arrived there, and they said, “You can be maids. You haven’t got any experience for anything else.”

“OK. Well, if that’s all there is, we’ll have to do that.” So we signed on. Of course, we didn’t have to. Your room and board was provided as part of the salary, and then you were paid a salary on top of that.

And the salary provided you with enough money for what you needed for the following year of school?

Well, not really on the paid salary, no. That’s why I quickly saw that this was not going to work, because I was going to have a little trouble putting together money enough to buy my tuition and books when I got back.

That’s when I went to the maitre d’ who was in charge of all of the service people in the dining room. In fact, I think he was in the office in Minneapolis when we went down to apply, because somehow I remember that I knew him. He told me there *[Yellowstone]* that I didn’t have any experience.

I said, “I really haven’t got any way of getting experience unless you let me go to work. I’m willing to come here after I get done with my maid duty. I’ll come in here in the evening if you’ll just let me sign on some way. You don’t have to pay me, but I want to do this so I can get the experience to come back here next year and maybe make some more money this year.”

So he was good enough to do that. He let me serve the dinner in the officer’s dining room, and I made quite a bit of money. I did that every night, unless I had my job.

The money there is not the salary, it’s the tips?

Tips were the important thing.

And so you were able to save enough money?

I saved not a lot. After that first summer, I was really scratching, but I managed. I got by. Then the next summers, I really made a lot of money in tips. I served in the dining room, and it’s a beautiful dining room, and I made a lot of money—for me, a lot of money. That was great. *[laughter]*

What was the place like? It was cabins?

No, it was a hotel.

It’s just called the Yellowstone Hotel?

No, the Old Faithful Inn. You know where the geyser is? I’m sure you’ve seen pictures of the geyser going off. It went off every hour. Somebody told me not long ago that it’s not doing that anymore, that that’s been a disappointment in these later years. Something has changed with whatever caused the eruption. It’d probably go up as high as a three-story building, I would say. It was beautiful. It was absolutely magnificent.

How old was the hotel? How many rooms?

I figure probably not more than three hundred rooms.

You probably had twenty-five maids or so when you were a maid?

Yes. The original part of the hotel was all wood, and it was beautiful. They had a huge, huge lobby with a wood-burning fireplace, and it was big—huge! And all of the rafters. It probably still is that way. I don’t think they’ve changed it. That original building is where the lobby and dining room are located. The dining room was huge. You could seat seven hundred people for dinner at night, or for any meal for that matter. It was a big, big dining room. But in that building where the dining room, the kitchen, the lobby, and the registration desk were located, they had some hotel rooms. Those were all-wood rooms, kind of rustic rooms, I remember, and they had hardwood floors with area rugs on them. They didn’t have

private bathrooms—they had community bathrooms in that particular section of the hotel.

Then they built several more wings to the hotel. They were more modern with carpeting and a bathroom in each room and that kind of thing. So they'd expanded it in a more modern fashion than the original building. And the original building, I think, was built around 1900, and it was an old, old, old building—probably a firetrap. But I'm sure they've taken precautions today to take care of it and sprinkle it.

An eight hundred-seat dining room is a huge dining room.

See, but it was very famous, and everybody came from all over.

And was it full? When you were a waitress, it was that busy?

Oh, yes. It was amazing. Thousands of people come through the park, and they're able to eat in the dining room.

So how many covers, how many people, would you serve during the night? That sounds very busy.

Oh, yes. We were. Probably, I had a couple of tables for two and probably two larger tables that would seat four or five or six people. Probably that was about the size of the station. Because from where the station was that I had, you had to walk a quarter of mile almost to get to the kitchen to pick up your food. Yes, that was a long way!

You stayed in pretty good shape.

Oh, yes. I was in great shape. [laughter] I had arms like this, because I learned how to carry trays like this. Oh, yes. I was very proud of myself. And when I came home, my dad took hold of my arm, and he says, "Oh my gosh!" I mean he was really impressed with the kind of muscle I had.

Now which year was the first year you went to Yellowstone?

Nineteen forty-six.

And which year did you meet Dave?

Nineteen forty-eight.

Tell me a little bit about Dave's background.

He was born in Coshocton, Ohio, in 1917. Our daughter Barbara seemed to think that his family moved to California when he was five or six. I thought he was younger than that. But anyway, sometime before he even started school, his family came west. He and his brothers and his father . . . I think his mother died after they came to California. And they moved to the city of Riverside in California.

His father was a First Christian minister, which is a derivative of the Methodist denominations. He was asked to be the minister of a church in Riverside, and so he moved his family out to California. Dave went all through school in Riverside, California, and before he went in the marine corps, he was going to Riverside Junior College. He enlisted in the marine corps reserve. He either did it when he was still in high school or when he started college. He enlisted in the marine corps reserve, and it was in 1940, I believe, when they started drafting, so he was drafted. He said, "I'd never really understood what I was signing up to do. I would *never* have willingly done that." But anyway, the reserves were called up first, so he ended up going in the marine corps very early and being trained and going through boot camp. See, he never discussed a lot of this with me. He ended up being stationed for about a year, before the war started, at Schofield Barracks in Honolulu.

So he was there the day the war started, and nobody at his level had any idea. He was the guy who raised the flag on that morning. He was out there raising the flag, and these guys started coming over shooting. Everybody thought it was a joke! Then pretty soon, the next thing they knew, they were blowing up the ships in the bay. Nobody thought it was a

joke anymore. These guys had *no* idea. Then it was serious business after that.

But he told me that living in Hawaii was probably one of the most fun, wonderful times in his life, and I guess they had a good time. I mean, these guys were young kids, you know? And he said, "That's why Hawaiians are the way they are. They were like children, because they really never have to grow up and fight about anything. They can go out and lay on the beach and be warm and comfortable. There are always ways to get something to eat, so they really don't have to worry about anything. So," he said, "they were all like children."

In the 1940s, there weren't that many Americans there, so they became kind of integrated into the population. I guess they *really* had a good time, and it was a party all the time. [laughter] After the rude awakening on December 7, 1941, the party was over. But anyway, he said it was a lot of fun, and then that's my memory.

For years and years he didn't want to ever go back to Hawaii. We never planned a vacation or thought about going to Hawaii until we built a Hyatt Lodge over there. We opened it in 1970, and it was one of the last lodges we built. That was my first trip there. Of course, it was fun.

You say Dave was in junior college. What was he studying?

Just liberal arts. I don't think he knew what he wanted to do.

He never worked in hotels before the war or was a waiter or something?

Well, he did, yes. When he was going to the junior college, he worked in a hotel. He had the all-night shift. He worked from something like eight o'clock at night to eight o'clock in the morning, but he was on the front desk, and he did the night audit or whatever kind of records they kept at that time.

He must have liked it.

I guess he did. He said it was good, because he got a job, which was important, and a job that allowed him to go to school. He never

talked about it being the reason that he chose the hotel business.

And like your family, he was kind of insulated from the Depression, because with his father being a minister and being in a church, the Depression probably was no more of a real factor in how he thought about life or his motivation later in life than it was in yours.

No, I don't think . . .

So after Pearl Harbor, where else was he? Did he ever talk about what he did, because you said he talked not necessarily about violence and dying but about what he learned? What did he feel he'd gotten out of there?

I do not know where he was assigned, but he stayed in the Pacific for about a year and half, and then he was with the first marine contingent that was brought back out of the Pacific after the war started. He ended up in San Diego being a boot camp instructor—the sergeant of the boot camp. Every six weeks, he was assigned a new group, and he lived with them, ate with them. As he said, "I was everything to them. I was a mother, father, minister, whatever." Of course, these kids were seventeen, eighteen years old. He talked about sending these guys off. He said, "What we taught them and how we taught them was good, but," he said, "there was no chance. They just didn't have a chance." The marines were the first ones charging forward, and it was just like going in front of the firing squad. But I guess that was war.

So he was there until the end of the war?

No. He was at Camp Pendleton for several years, bringing these kids through boot camp. I've got a lot of pictures of the group, and there were maybe thirty, forty kids in a group. And they all had their hair taken off, and they looked very, very young.

And so after Camp Pendleton, he went where?

Then he was reassigned to the Pacific, went out again on a ship. He became a logistics

specialist, dealing with loading procedures and what would fit in spaces on ship, and then he got assigned to a couple of generals. So he'd had a fairly decent life, although there were some dangers out there. I don't think that he was really exposed to a lot of battle after that. I mean they cruised the Pacific, and they did whatever they did, and he came home. I think he was discharged very shortly after V-J Day in 1945—maybe that fall or winter.

The next part is very, very sketchy to me, because I never heard a great deal about it. He went to Northern California. I think one of his brothers was married and living in St. Helena, California, which is in the wine country, Napa County. He started tending bar and just took different sorts of jobs. He just didn't know what he was going to do and looked around at different things. I think he was very glad to be a bartender. He had a job and could move easily, but I think he was trying to get his mind focused on where he wanted to go, and I guess he didn't have any idea.

I guess that was one of the first or second jobs he had after being away that long and being exposed to so many things that I have no idea about, because I never had any experience with that. So I'm sure that he was just at odds. At the end of his time in the service, he just wanted to lay back. He didn't want to do anything, and he counted down the minutes to when he was going to get out of the service. So that was my memory of his life then.

I'm sure he'd had other opportunities besides bartending, because you don't just suddenly become a manager of a hotel, but he had managed a couple-hundred-room hotel in Palm Springs. It was a really nice hotel, called the Del Tahquitz, and it was right on Palm Canyon Drive. It was a very pretty hotel and had a couple of restaurants and a bar and several hundred rooms and a very nice pool/spa area. He managed that the winter before I met him, so that's sort of where I begin, where I'm really relevant.

This summer that he was in Yellowstone Park was his first job up there, and it was my third summer in Yellowstone Park. When the assignment of tables was given in the main dining room, which was where I was working

then, they had two or three tables set aside for the [business] officers—they called them "officers"—where they would take their breakfast, lunch, and dinner. So I was assigned to his table.

There was one other guy, and I think he was a financial guy, but Vic was his name. Anyway, Vic and Dave shared a table. It was a table for two. So I waltz over there on the first day, and I take their order. After probably a couple weeks, I could tell he was interested, and he would engage me in conversation about what I liked or didn't like about my job and all of that. [laughter] So later he told me that after a week or two he turned to Vic—and Vic confirmed this with me later, because we saw him after we went back up to the park—and said, "That's the girl I'm going to marry."

So anyway, I guess Dave was worried, and he was older than I was—I mean, in my view, seriously older than I was. He was ten years older, and I thought, "Oh, gosh! How am I going to feel going out with this older man?" The kids I dated were all classmates, and that was the only experience I had had. But I talked to all my friends about it when he did ask me out after two weeks or so. "Oh, my gosh! How do I act? What do I do?" and all these things that are kind of crazy. [laughter]

Anyway, we went up to the lodge, which was really the only place that you had to go, unless you had a car and could go into West Yellowstone, which is about thirty miles from Old Faithful. We managed to borrow cars later on, but in the beginning we met at the lodge, and we'd have something to eat or some drinks together, and there was dancing and that kind of thing. That was really our entertainment, all we had, aside from if people went fishing. We would have fish fries down at the lake—just catch the trout and cook them right there, which was always a lot of fun. Then we used to do that after he and I were married, the two summers we were at Yellowstone, too. We'd catch fish and then host some of the people that we were friends with at the hotel, and that was always a lot of fun. We'd sit around on the beach.

How soon did you know you were going to marry him?

Probably not as fast as he knew. I mean, I didn't know anything about him or have the sense to even think about things like that. After we started dating, then he started to get to be very friendly, but those were in the days when intimacy was not part of dating before marriage, so I certainly lived that way. It was just always that way. That was something I would never think of doing. But we became very good friends, talked about a lot of things, views about children and what we wanted to do.

We spent almost that whole summer probably talking about if we got married. I hadn't said anything, because I had a guy—a young kid in my same class at the University of Minnesota—that was sure I was going to marry him. He came through the park that summer and said, "Don't get mixed up with anybody up here. You're coming back to marry me." But that's really, basically, what the summer was.

Did you talk about business?

No, not that much.

Your whole married life was involved in business together from the beginning.



Jeanne in front of the girls' dormitory at Yellowstone in 1948, the year she met Dave.

Yes. And we never talked about what our future . . . Well, of course, we did. Dave had made a conscious decision that he was going to go in the hotel business, so that's really where he was headed. I always knew that, which didn't bother me. I'd been a maid and a waitress, and I'd had sort of a fascination with the business anyway, and, of course, resorts are quite different than other kinds of hotels—I mean, commercial hotels.

Early on, did he know that you were the practical person who could do the numbers?

No, because what I was doing was being a waitress—a psychology major. That's about all the experience I had at that point. But, of course, as we moved into hotels after we were married, I became part of the whole operation, as you know from my descriptions.

So, we met at Yellowstone in the summer of 1948, and then we got married that year. We went to Reno after we got married, because Dave had a job as assistant manager at the Golden Hotel.

You said you went to the opening of the Mapes while you were at the Golden.

Well, as I remember it, we were invited to see the hotel. It was brand new, and they hosted us, as I recall, in the showroom that was on the top floor. They had the typical ribbon cutting, and then we were invited to a dinner show. And they had a magician who was the entertainer, along with an orchestra. I can't tell you the magician's name, but I know that he got Dave up there and took his wallet out of his pocket without him even knowing. He said he did not feel *anything*, and the guy got his wallet out of his pocket. Now, that's pretty good. [laughter] I went, "*Oh my God!* I've never seen anything like this". And he did several others.

Was it an elegant thing?

Yes.

Everybody was formally dressed, and everybody who was of importance in Reno would have been there?

They probably would have been there. I didn't know who was important in Reno at the time, so I wasn't really paying attention, but I was impressed with the building and the room and certainly with the magicians. It always seemed like that was probably one of the nicest events I'd ever been to. I thought it was great.

Were you impressed with the size of the building?

Yes, yes.

It was, at the time, the tallest building in the state.

Now you were in Reno in the winter of 1948 and lived and worked at the Golden Hotel. And then in that next spring or summer, Dave got a job again with the Childs family in another hotel, and this is the Lake Hotel up in Yellowstone?

Yes, the Lake Hotel on Yellowstone Lake.

And it had been damaged?

During the war by an earthquake. The park was not open during the war. We didn't have the gas to drive, so it just wasn't possible to open. The summer of 1946, which was my first summer there, was the summer that it had reopened after the war. At any rate, Dave was performing as general manager of Lake Hotel, and he was to oversee the conclusion of the construction of these units that weren't part of the hotel but were individual units like the lodge buildings that I described to you.

They built these cabins. I call them cabins, but they really were hotel rooms, only some were a little bigger than others and had more beds in them. They were really individual units. You would put a family in one of them, or you'd put two people in one of them, and they would have baths. It wasn't like the log cabins I was describing to you where there were no bathrooms and there was just simply a log cabin with a bed in it. These had a bathroom and a room that was carpeted and were really quite nice—not luxurious but very nice. They were in a beautiful setting out in the woods, and they weren't right next to each other; they

were spread around. It was really quite a charming place with little walkways between them, and it was nice.

Those were being built that summer, and Dave was overseeing the construction of these. And I'd suppose there were 100, maybe 150, of those being built. That summer they were also starting to plan for how they were going to reactivate the dining room—where things were going to be, where they were going to have the bar, and if they were going to have any entertainment. The hotel had a beautiful, southern-mansion look. It had big columns in the front and a veranda out in front that overlooked Lake Yellowstone. Then it had 100 rooms in the hotel with wings off to both sides. It was really charming.

I think it was three stories, with elevators to the second and third floors, but the dining room and the lobby had not really been redone. They had a temporary area which we treated as a front-desk area and where people could register, and then we had a lodge there where people could eat, because we didn't have any dining facilities in the hotel that summer. So we'd go to the lodge and have dinner, or any of the three meals for that matter.

Now you started to use "we." Does that mean that you were taking some sort of an active role?

No, not really, not that I recall. I did work. Part of the summer I worked in the gift shop in the lobby, but it was not a job with any real responsibilities. I wasn't too responsible for anything. I guess it was because Dave was so busy planning this and was so active in beginning to look at plans and talking about what he was going to do, and I was part of that. We talked about the locations of certain things and how it was going to be. Maybe I identified more with it. I'm sure I heard whatever experiences he was having, but I don't think I ever looked at it or thought about it in a planning sense. I was drawn into it, in a sense, by hearing Dave talk about it and then having him ask me what I thought about it. I suppose that's why I began to identify with it.

I was playing most of the time and having fun that summer. I learned how to fish. I had to learn how to bait my own hook, and I had

to learn how to clean the fish. Oh, this was a very hard lesson for me, let me tell you, but I became an absolute expert at cleaning fish. I could bait my hook and became a better fisherman in the process. When we had time we'd go out on the lake, and it was beautiful. Oh, maybe foot-and-a-half trout in that lake. It was just *marvelous* to see. We had a lot of fun going out and fishing.

Who cooked the fish?

Well, we could get it cooked in the dining room at the lodge, or we'd have outdoor cookouts with others that were there. And of course, we were friendly with a lot of people on the staff. We'd organize stuff and be down on the beach at the lake and cook our trout that we caught. That was always a lot of fun.

Now Lake Hotel was pretty far removed. It was a much further distance to go to Gardiner or to go to West Yellowstone or Jackson Hole. Jackson Hole was a long way from Old Faithful Inn, but you could get to West Yellowstone. You add another thirty, forty miles, you've got a pretty long ride, you know?

Did you have a car?

Yes, we had a car. We didn't tour off to any little spots. We really found our own entertainment there at the hotel.

Did you have a new car? You both got board and room, so you didn't have any living expenses.

No.

So did you end up with quite a bit of money?

In fact, we didn't have a lot of money, but we were ahead enough to keep ourselves together.

But you didn't have a new car either at the time?

Oh, no. I can't even remember what he had—something old. I think it was a Ford. I had just a carefree summer—lots of fun, no problems, no responsibilities for me. Dave had

his hands full. It was a lot of fun, though. It was a great summer, and we really enjoyed it. When the park closed, off we went back to California.

Dave began without a job, but this time, he had contacted the fellow that was the owner of the Del Tahquitz where he had worked the winter before I met him in Palm Springs, and the owner offered him the job to come back that winter. That would have been the winter of 1949 to 1950. They made him an offer to come back to that hotel as manager, so off we went to Palm Springs and lived in the hotel again. I guess it was in, maybe, October that we were into now, but in the fall of 1949, I was pregnant. Not by design, but I was. All of sudden I was faced with the reality of real responsibility now. What was I going to do?

We went to the hotel in Palm Springs, and Dave became the manager, and we lived on the property. And I began to grow and grow and grow and become very pregnant and not really thrilled with it. I didn't know what to expect. I was kind of alone, and it was kind of rough for me. I was leaving my really carefree childhood, leaving being a young person, and moving on to something where I was going to have some responsibility. I knew I had to step up to the plate, and I suppose I was afraid.

I was uncertain about where we were going to be. Dave's work was wonderful. We could travel around like that forever, but not when we have a *baby*. How could we move that baby from here to there and then not have a job and live hand-to-mouth? We were fine when it was just us, but now, all of sudden, we've got real responsibility. Oh, my gosh. It was a very serious time for me, and a time when I began to say, "I've got to do something."

I got near panic at times about what was going to happen us. Well, David, of course, had left the park with the understanding that he'd return the next summer and they'd complete the renovation of the hotel, and so, of course, they were expecting him. Well, now here I am pregnant, and what are we going to do since the baby was due in May, and he was supposed to be in the park by May 1? And what are we going to do, and how are we going to handle this?

So I ended up flying to Billings, and Dave would go and move outside the park. We'd become friends the summer before with the

guy who was the park's chief physician. He officed at Mammoth Hotel, but he would travel around the park. He was a doctor, and both he and his wife were from Minnesota. So, of course, she and I had a lot in common, and we quickly became good friends. So Norm and Marge Carlson invited me to come stay with them, because we decided that he would deliver the baby. They had their home set up already for this, so I went to stay with them.

Barbara was born May 28—just about the time that the park was scheduled to open—in Livingston, Montana, which was about sixty miles from the north entrance of the park. It was the closest city with a hospital in that part of the world in those days, but I was fine. I got there, and I didn't have a hard time. So when Barbara was a week old, I left the Mammoth, where Norm and Marge lived, and Dave took me up the hill. Took me on a winding road sixty miles or so to Lake Hotel. Now this is the end of May or first week in June, and the snow is higher than the car!

We had a room in the hotel, and we had turned on the heat in that huge hotel so that we could live in there before the park opened, which was very nice. So there I was, brand new baby and Dave, with this responsibility. But it was a fun summer. We enjoyed it and, of course, loved the baby.

We converted a room next door partly into a closet and partly as a place where we could

have a crib for Barb, and she stayed in the room with us. That worked out well. Of course, she had electric bottle warmers and stuff like that. I mean, we had washers and dryers so we would wash the clothes. It wasn't any problem. So we could get by, and it was wonderful.

We shifted right away to being parents. Loved it, loved her. She was very special to us, and we were just thrilled to have her after all of this. But of course, I still had this terrible misgiving about what in the hell we were going to do when the summer ended. Where are we going? What kind of a job is Dave going to get? Who's going to accept me with a baby? Now, all of sudden, instead of just having all our own earthly belongings, we had a crib and all the things that you need for a baby. It became overwhelming. It really did. What were we going to do?

Anyway, the park closed, and we left there toward the end of September of 1950. I'd say Barb was about three months old, and we went back to Los Angeles, and Dave began to look for a job. We stayed in a funny, little, old-fashioned apartment that was down near MacArthur Park. It was getting run-down, but it was not a terrible part of town. So Dave began getting feelers out and looking for a job, and by October 1, he'd gotten one.

THE GARDEN OF ALLAH AND THE CHASE HOUSE

Dave became manager of a hotel that was featured very prominently in F. Scott Fitzgerald's work about Hollywood (*The Last Tycoon*), and the hotel was called the Garden of Allah. Alla Nazimova was a Russian actress, and it had been her home in Hollywood.¹ It was on Sunset and Crescent Heights right near the famous Schwab's Drugstore, which was about a block away. The hotel property covered probably three or four acres of ground, and its villas were spread around the perimeter of the property. There was a lovely garden and swimming pool in the center.

The building that was up on the street on Sunset Boulevard housed a bar and restaurant and some hotel rooms, although not many. I don't think there were more than sixty or seventy accommodations on the whole property, but because of its location and because of the way it was built and the kind of furnishings it had

The first villas surrounding the garden area were built as guest rooms for Nazimova's friends. She had guests and didn't want them to stay in the house, so they would stay in the villas. They had kitchens, in most cases—especially the ones that were closest to the main building. Not huge kitchens but a place to cook. Some had several bedrooms, some had three bedrooms—just varying types of accommodations where her guests could stay.

When the people that owned the hotel bought it from her, they finished it out and built the rest of the villas and expanded it. It was a kind of haven for movie stars and people that were coming to Hollywood. Ciro's, The Macambo, and other famous nightclubs were not far from where the property was located. We went there in October of 1950, and we were there until the fall of 1956.

October 1956?

Yes. We were in a brand new time in our lives, actually—to live on the Sunset Strip and then go off being part of Hollywood. There were kids from back home in Minnesota who had done *nothing* but go to school and hardly anything else. This was unbelievable and probably the time I grew up most in my life, spending that time in Hollywood. I learned to operate this restaurant, to operate these rooms. I really became very close to the operation.

How?

Because Dave included me. When we went there, the owner asked if I wanted to do anything. And I said, "I don't have too much experience, but I will do whatever will help here. If I can find a place where I know

something or can learn something, I'll take on that job."

What happened very quickly was that the bookkeeper quit, so the accountants for the property came over, and I sat down with them. They began to show me what on-site accounting they were doing. I thought, "I can do this." Everything was by hand in those days. I mean, there were no computers or anything. So I began to pick up all the accounting functions, and that was balancing and tracking all the cash from the revenue outlets, from the bar and the restaurant and the hotel rooms. They wanted it accounted for, making sure the deposits were made—just a general accounting job. I *loved* it. It was something I could do while taking care of Barbara. We had a two bedroom villa on the property, and we were living there, so it was great. It was something I could do without having to go far away from the hotel, and I found that I really loved accounting. I was very pleased with it. So they gave me more and more responsibility, if I liked it and I knew what I was doing and was able to understand it.

By the time we left there six years later, I was able to bring everything up to a trial balance. I didn't prepare the financial statements while I was there, but I was able to have a general ledger and post the whole thing and understand the accounting that went into making a financial statement. That was great for me and made me part of the business and yet allowed me the time to spend with Barbara. We also had another baby while we were there. Jennifer was born November 21, 1954.

We made some wonderful friends there at the Garden of Allah. We had really become a part of the operation. We became something. People knew us, and we just became like the host and hostess of that hotel, and it was fun. It was fun. Barbara Stanwyck, Hedy Lamar, Ida Lupino Maybe you don't know any of these names, but we got to know them. People associated us with that property. Great times, to see these people, and seeing them at their worst and at their best was interesting.

So Dave involved you in all the discussions about managing the hotel, and you did the

books which kept you probably more aware than he was in terms of the financial details and where the money was going?

Right.

So at this point, you have no title, but you certainly are involved in the operation and are still raising two small children at the same time. You said you had a two-bedroom villa. So it's large enough for you?

It was very nicely done. It was a lovely place. I had a kitchen, dining room, rather large living room, and then a long hallway with two bedrooms at the end of the hallway. We just had one bathroom, I think.

The hotel must have had a dining room, because as you started hosting, you'd need to have a public arena.

Well, we had a lovely, lovely lobby, and we had a dining room that sat maybe one hundred people and a bar that was fairly large and where many of the famous gathered for dinner. It got to be a gathering place. It was even when we got there. I don't mean that it all happened while we were there. No, it was already a very famous place with wonderful characters.

For example, there was a man named Teddy Snowcrop, and he was a dwarf—not a midget, but a dwarf—and he stood about that high [indicating around three feet high]. He graduated from Duke University as a journalism major. Very bright and intelligent, that guy, and fairly young. When we met him and became friends, he probably was in his late thirties. But anyway, he was a regular visitor at the Garden. He became very friendly with my kids. And my kids were taken aback—particularly Barbara—because all of a sudden she began to be as tall or taller than he was.

Somebody else had to travel with him and had to help him because he couldn't manage on his own. He couldn't get up on seats. I think he had a car at home that he was able to drive, but he didn't have one in Hollywood that was outfitted so he could drive it. But he just had the most wonderful personality and never

complained or seemed to be angry about what had been dealt him in life. He made a lot of money being an icon for Birdseye. He would appear on their frozen peas and beans.

Would you characterize being at the Garden of Allah as being the most important learning experience of your life? You had learned a lot about business and hotel management there, but you also were talking about being the host and hostess and having lots of people identify you and your husband as being with the property.

With the Garden of Allah, yes.

And I'm assuming that that means that in the evenings, at least on weekends in the dining room and the bar, that you had to be out there dressed in some sort of a formal sense and going around talking to people and maybe even eating with them at times.

Oh, absolutely.

Could you describe some of that for me?

I still had small children—babies for that matter—so we had to make sure that I had somebody to stay with them, or I couldn't be roaming around at night like that. So somebody had to help me. The maids would often stay with me, and if I had things planned that I had to do, where I was called upon to be present, I was able to have people who could care for the children. Certainly at night it wasn't a huge problem, so that helped. During the day, I could do things between naps and things that they were doing, but I had to handle the accounting that I was doing in those times. It was not a question of my having to handle housework, because we had people who did that for us, but, of course, I had to fix things for the kids to eat. Especially for Barb, because Jennifer wasn't born until 1954, and we left there in 1956. Jennifer was really a baby for most of that time and was small, but Barbara was growing up. She was five years old not long after Jennifer was born, so she started school when we were living there.

You must have had to learn how to cook.

I didn't do a lot of cooking, but I had to do some. [laughter]

You still ducked it.

Yes, I still ducked it. Well, Dave loved to cook, so I had lucked out. I often said to him, I said, "I know why you have taken on this job—because you knew you wouldn't eat anything that you liked if I were going to do the cooking, so you really had to step up to the plate and say, 'Let's do this for tonight.'" So he ended up planning most of what we ate, and he would do the cooking.

And I happened to be an excellent person at organizing the cleanup, and I could get everything on the table, and I knew all the things we needed. I didn't have a problem with that. I just didn't care enough about cooking. I didn't have an interest in it. I didn't want to fool with it, but I didn't mind cleaning up and putting things away and keeping those kind of things going. So we made a pretty good team. We worked it out, and he never felt put on. He never, ever said, "Why don't you cook?" or, "Why don't you learn to do something?" Never. I think he was very happy with it, because he knew he was going to get something he liked to eat done the way he wanted it done. So I think he was perfectly satisfied. He'd even enjoy cooking.

Tell me again what an evening would look like when you were entertaining.

We'd go up and probably have a drink and meet people or have plans with people. Generally, I would say we didn't just go up there and eat if we weren't planning to meet someone or be with a certain party. I don't even remember that we had any special events or anything, but I can't remember that. We got to know a lot of people, so we were probably planning to meet people several nights a week. Three or four nights a week we'd probably have dinner with different people. So we'd join them, and we generally stayed in the hotel. We didn't go out to nightclubs a lot, although occasionally, when we had

visitors and they wanted to go out, we'd go up on the Strip and join in whatever was going on in those places.

It was a different world then. It wasn't too long after we left that the Sunset Strip became an entirely different place. It was a very elegant, wonderful street. When we left the Garden of Allah and moved to the San Fernando Valley, I remember coming back and seeing the kind of people that were on the street and the difference from when we were there. It's really kind of shocking. You could see the characters and the way that they were dressed.

Probably lots of drug dealing on the street in later years, and it became kind of a haven for that kind of activity, unfortunately. It was such a grand, wonderful street at one point in the years when West Hollywood was really a place where the movie people lived and played and worked. It changed a lot, and very quickly, which I guess a lot of places did. It wasn't just particular to that street. I think it happened in many cities with the whole culture change.

Did any friendships that you formed there go on from there to any other place in your life?

Yes. We met some people—not particularly movie star people but some people that were production people—that were directors. Nicholas Ray became a friend, and we remained friends with him for a long time after Dave died, as a matter of fact. We were friends with him.

Now there was a woman, Glesca Marshall, who wrote scripts for Nazimova, and when Nazimova died, Glesca was given the right to live on the property in one of the villas. Then she attracted another gal who's just a lovely charming person. We became very, very close friends. They adored my children. They just loved my kids.

And she [Marshall] was the script editor and publicist?

Yes, the friend of Nazimova's. And then the gal that came to live with her was there before we ever arrived at the Garden of Allah, Emily Woodruff. And she was a wonderful,

wonderful gal. In fact, early in her life, she was married to Truman Capote, but they divorced soon after they were married.

That must have been an interesting relationship. [laughter]

[laughter] Should have been, should have been.

Should have been? Did she have a sharp tongue?

No, not at all. In fact, she was a very gentle, absolutely wonderful, sweet person. And Glesca . . . we all just stayed friends. Both of them are dead now, of course, but they were alive when Dave died. So they came to his funeral, but they're both gone now. They were old enough, probably, to be my mother, both of them.

They cared about me and Dave, both of us. They cared about us as a family and about our welfare and where we went, and what we did was very important to them. So it was a nice friendship that we had. After we moved, they left the Garden, and they went to live in an apartment building right down the street, Havenhurst Drive. It was one of the streets that ran alongside the west side of the Garden property. So they lived in one of those old, old apartment buildings that were very, very spacious. They had a gorgeous apartment there. They lived there for many years, until Emily's mother had become so ill that she felt that she should go back. They lived in Columbus, Georgia. So Emily and Glesca moved there and stayed there.

By the time we came to Las Vegas, they were already living in Georgia. They moved there several years before we came up here. We didn't get to see them as often. And of course, sadly, the last time I saw either one of them was when Dave died. We stayed in touch, and, of course, I learned when they both died and that kind of thing.

But that was a long-lasting friendship. They cared a lot about us, and we about them. Emily came from a lot of wealth, and Glesca came from a lot of talent, and so they made an interesting combination. Fun to know and

fun to have people like that care about us. It was interesting.

Theirs was a world of talent and wealth. People with creativity and enough money to indulge their . . .

Yes. [laughter] Whatever their wanderings were and all of their talents.

My niece Joyce also entered the picture when we were at the Garden of Allah. Now Bob Hood was Dave's brother, and he and his first wife were divorced when Dave and I got married, so it had been a few years that they had been separated. But his first wife got custody and had absolute care of the three kids they'd had. Joyce was adopted. She was the oldest, and then they had two others, Bob and Kathy, who were their children. Like so many times, you know, the gal doesn't get pregnant, and then once they adopt a child, they end up having some of their own. So they had two very quickly after the first of the second group came. Anyway, they separated.

Joyce remembers and was telling us all about how she loved Dave and what a wonderful person she thought he was. He just was really special to her. Dave was six or seven years younger than her father, and he was kind of the real dapper guy that she loved to see coming, and he loved her. He really did care about her, I know, because of what we did later. She always had a special place in her heart for Dave, and maybe even more than her dad. I don't know, because in the end, some of her dad's behavior didn't deserve a lot of respect. He did several things that weren't exactly what would give a youngster a good feeling, because he ended up really having an affair with this gal (whom he later married) outside of his marriage, and Joyce knew about it. She was old enough to understand it, and in those days, that was certainly forbidden. I think it is today, but in the 1950s, *oh my God!* That was something that just didn't happen, and Dave was young and single and had just come back from the war and was kind of an exciting person in her life.

I don't even know what year she was born in. Well, let's see. What is she now? She was sixty-one this year, so she's ten years younger

than I am. So if she was sixty-one this year, she was born in 1936. Yes. She was living with her mother, and her mother now had remarried, and Joyce disliked the guy she married very, very much. The other kids didn't have the same problems Joyce had. Joyce also had suffered from rheumatoid arthritis and had been in and out of hospitals for a number of her years. Particularly as she got toward adolescence, the rheumatoid arthritis seemed to be aggravated. Of course, I think that rheumatoid arthritis, as I look back on it, was aggravated by stress and unhappiness more than age or anything else or maybe even her own physical condition. I don't know, but I think it was brought on by a lot of the things that were happening to her mentally that caused her to get into the state she finally got into, being in a wheelchair and not being able to walk.

Now by 1952, 1953, she was fifteen or so.² She had an enormous disagreement with her mother and announced to her mother that she was going to go and live with her father. Her mother said, "Very well. I will put you on an airplane, and you go and stay with your father." So Joyce gets on an airplane. I don't know who called who or if nobody ever called anybody. The first thing Dave and I knew about it was we got a call. I think it was a call from Joyce. She was at the airport in Burbank in this wheelchair with nobody. Bob hadn't come to pick her up. She's at the airport. Dave called Bob, and Bob said, "I'm not going to take her. Katherine," his now wife, "says that, 'I won't have anything to do with her. I won't let her come in this house, or I'm walking out.'"

So Dave and I get ourselves together, and we go over to meet her. I don't think I left, because I probably had Barbara there, but he did. I think he went to the airport and got her in her wheelchair, and he brought her back to the Garden of Allah. [laughter] So she came in, and he said, "What are we going to do? What are we going to do with this kid in a wheelchair?"

"Well, we can't turn her out."

Dave talked to Eleanor [Joyce's mother] all day long, and she said, "We're not going to have anything to do with this!"

Well, I suppose you could go to court and force it, but it was such a sad thing. I was just in great despair over the whole thing, because I hated to see a young person like this be treated this way. Whoever was right or wrong in this had nothing to do with the welfare of that youngster, and somebody had to try and do something for her so she didn't feel this terrible rejection that she obviously was feeling. I mean, nobody wanted her!

So Dave and I really talked about it extensively, and we said, "Well, we could make it work. She could stay here with us at the Garden of Allah in another bedroom." So she could live with us. Getting her to school was going to be a problem, because she obviously had this handicap. I don't think we put her in school right away. I think we just kept her at home for a while until we could decide what was the best way to handle it, and I know that's what happened. So she stayed with us, and the weeks went by.

After six weeks passed she was able to get out of the wheelchair, and Dave took her down to Hollywood High School, which is down the street from the Garden of Allah—it's a couple of miles—and he got her registered at Hollywood High School. She started attending classes there and within two years, graduated from Hollywood High School. So that was really two years in our lives where she lived with us. We became really good friends during her time with us.

We had lots of funny stories, as has anyone who cared for teenagers. *I* certainly wasn't—and I don't know how well Dave was—well-equipped, but somehow we muddled through having her with us and some of the funny experiences with her and her friends and just the funny kind of things that you encounter. She was anxious to please us, so she was not rebellious. She respected what we told her or what we asked her to do. She certainly didn't act like my kids got to be later on, you know—openly defiant of us—although I'm sure she went through it.

This period in your life when you're sixteen, seventeen years old, it's just a time to rebel against any rules that parents lay down for you. You want to go out and try your own, and you think you know better than they. It

seems to be a pattern, but she didn't . . . I'm sure she disagreed with some of the rules that we laid down, but she had to live with them, and she did it nicely. She never got openly defiant, as a couple of my kids did.

Was she helpful?

Oh, yes, and then she took care of Barbara a lot. She had this strange imagination. I think she must have scared Barbara half to death, because she'd do all sorts of just really scary kinds of things to Barbara, and tell her these wild stories and really frighten her to death. I didn't think that was too smart, and I told her. She got better, but she just had this wild imagination, this cute girl. Very pretty girl, very outgoing, a great personality, and still has that personality to this day. I mean, she never met a stranger. She could talk to anybody, and they're drawn to her, and they'll talk to her. She's a character. She's just a character. Funny. She ended up in her senior year at Hollywood High School having the lead in the class play. She did a great job, and we were so proud of her. It was really kind of a nice story.

She then went to Pasadena City College and got an apartment on her own and was working. She and a girl that she'd gone to high school with, who lived just across the street from us up in the Hollywood Hills there, got an apartment together. Then they had a horrible disagreement and couldn't live together, so Joyce ended up coming back with us while she was still going to Pasadena City College. Along in that time frame, she met a guy named Gus Friedemann, and he was graduating from U.S.C. from law school, so they had a fairly short courtship, and they got married in 1955. She was whatever age she was by that time.

Nineteen or so, then.

Nineteen, yes. So they got married, and they've been married for all these years. They've had a good marriage. When they got married, he was drafted into the service, and he had to go where he was assigned. He was sent to Fort Benning in Georgia, so they spent the first two years of their marriage away from

me, away from her mom and dad and all of these problems that had been so huge.

She and I talked about this, and she said, "Probably that's why I stayed married," she said, "because we spent those first two years away." Away from all of us, learning to get along and having to deal with whatever their problems were there and knowing she couldn't run home to me or to her mother, or that her mother would even help her, or her dad. It was just being on her own, and she said it probably did the most for her in giving her space to grow up and learn to live with someone. So they had a good, strong marriage. They really had, through a lot of tough times.

A lot of the rejections and the things that had plagued her in her teenage years turned up as she went on through life. I watched Gus deal with this, and I really admire him for taking this on. I guess you do these things, except when you see the guy dealing with it, and he is *so* normal and so kind of straightforward that he would handle this in such a great way. [laughter] He really did. I mean, it was super. So they've gone through a lot, but that was Joyce, and she lived with us, and we were a part of her life, and she has been a part of ours for all the years since.

And maybe because your age was so close, your friendship is more than just that you gave her shelter when she needed it.

Yes. Joyce and I always have been very thoughtful and always wanted to do something special for each other on our birthdays. So Joyce's present to me this year was to say, "I want to give you a plane ticket, because I'm going to be in Seattle, and I want you to come up there on your birthday," which was May 21, a week ago Wednesday. She said, "I'm going to be up there with Jeanne [her daughter], and you can go visit Jennifer, and then we can all be together, and we can do things together." So she was going to stay with Jeanne, and I stayed with Jennifer. That was her present, to give me the plane trip up there, which was very nice, and I thought that was a thoughtful present. I always try to be as thoughtful about her presents, because we just have that kind of a relationship. We try to do

things that we really think are wildly extravagant and you'd never do for yourself or things that would give us both enjoyment.

We became really good friends through the whole process, and we have a great time together. We've done some fun things. In 1985, we went to London for a week, and we said, "We are going to stay in the *best* hotel, and we're going to do exactly what we want to do," just she and I. So we stayed at the Ritz in London, and we went shopping every day, all day. We went to a play every single night, and we ate in the nicest restaurants, and we really had a neat time. We've done things like that.

Dave and Gus became good friends. Gus flew his own plane, so we went to Mexico, often to Baja, to Cabo San Lucas, and we would stay down there. We loved it. We'd go fishing and have funny times and really lots of traveling around like that together. Joyce and I've done crazy things. We went to Hawaii together, and we've gone to San Francisco together and just done exactly what we wanted to do, but we don't do it that frequently, so it doesn't get old hat. We do it maybe every other year or so. So we had a neat time in Seattle and enjoyed getting together, and I loved seeing Jeanne and the ginseng farm and all.

Jeanne is their daughter?

Yes, and their youngest daughter, Julie, graduated from Suffolk—a school in Boston—with a law degree. I went there for her graduation. We had a great time. We spent time in Boston and did a lot of the sightseeing and got Julie packed up to come back and take the bar, and she just passed. She failed it the first time, but she passed it just recently.

In California?

Yes. Just when we got back she'd gotten word that she'd passed the bar, so she's doing well. I don't think she's going to work for her dad. He may help her get into somewhere there, but I don't think she's going to work for him. But it's nice, you know, when you touch someone's life and it comes back to you in many ways.

In 1956, you left the Garden of Allah. Why did you leave?

Well, because the Garden of Allah was sold to Cornelius Vanderbilt Whitney. He bought it. Dave thought he was going to be able to work with Mr. Whitney—or not specifically *with* him but with the people that worked with him. Well, as you must understand, when you've been at a property and shaped its personality for that many years, you don't Dave wasn't happy about taking suggestions. Do you know what I'm saying? "Why don't you do this?" or, "Why don't you do that?" So it probably, from the minute it happened, was destined *not* to work, although Dave was very much in favor of the sale and helped Mr. Whitney along with some of the people who were doing the business side of this for him—his attorney and accountant.

Who owned it before?

Oh, a man who lived in and owned an apartment building in West Hollywood. But, you know, it was more of a real-estate investment for him than anything.

And Dave thought the new owner would be better?.

Well, Mr. Whitney said he was going to do a lot of things to the property. He was going to build more units, and there were going to be big changes to the main building and a larger restaurant and that kind of thing. So, Dave was, of course, interested in that. He had a lot of ideas about the property and felt that it was now becoming too valuable a piece of property to have just those few units on it and not have something that would produce more revenue and more bottom-line dollars. So Dave was really looking forward to somebody who desired to change the property and yet not change the whole complexion of the property. He didn't believe that Mr. Whitney or his advisors had that intention.

Do you know what it sold for?

No, I can't remember it now. That number escapes me.

Do you have any idea how much it made in terms of profits in those years?

No, I don't remember now. Anyway, it wasn't long after Mr. Whitney actually took possession of the property—or his people did—that they realized that a lot of these things that were talked about weren't going to happen. We didn't think that they were going to do those. Dave had pretty much a mind of his own, and I always feel that there might have been a way to work it out, but in his mind, there wasn't. Dave was like that. If he didn't think it was going to work, he was out of there, whether he had money or a job or anything else. "Goodbye! I'm on my way. I'm not going to put up with this."

You were still concerned about family and children.

Exactly. Somehow, we went down the street. Several blocks away, we got an apartment, and Dave started looking for a job. And I said, "Oh my gosh. What are we going to do?" realizing that we had very little money, and I didn't know *where* we were going to end up.

I knew that I loved the town. I decided that, well, maybe there was something I could do. I could at least get a part-time job. Now I had this experience, and I knew that I was good at it, so I went over to a CPA's office. It wasn't too far from where we got this apartment that we were living in, and I think they had an ad in the paper for help. So I went over there, and I said, "This is what I've done. I'm willing to work whatever hours. I think I can work out those hours with you, but you're going to have to teach me a lot, because I've never done public accounting. But," I said, "I'm here, and I'm sure I can learn."

Well, guess what? They took me up on it, so I began to handle just everybody's accounts, from the gas station to the beauty salon to an office building to a grocery store—just all the things that come into an accountant's office where the people don't keep the records themselves. We'd go over and pick up a shoe box of receipts and disbursements and things. You put it together for them. So this was my true learning of how to put together a financial

statement and what really went into it. The guy that was the CPA was really very, very helpful to me. I think he appreciated it, because I was a hard worker, and I could learn fast. And I'm sure that he appreciated anything I was able to do. I worked over there for a couple of years.

Do you remember his name?

Yes, Sidney Greenfield. A young guy. In the meantime, Dave went to work for a guy named Gordon Baskin who was building a hotel on the Sunset Strip, probably about a mile from where the Garden of Allah was. It was a new hotel, so Dave went to work for him in helping to put this hotel together. It was called the Sands Sunset. It was in the middle of nightclubs, and it turned out to be a very successful property, but Gordon Baskin was a hard guy to work for. I didn't particularly care about him. I just didn't really trust him, I think. But anyway, Dave worked for him, and that worked out all right. And all that time I was still over at the accountant's office.

By then, Barbara, of course, was going to regular school, and Jennifer was in something like a daycare. So between us, we were doing OK and getting along until Dave decided that he couldn't stand Gordon Baskin anymore. That was after the hotel had opened. Dave got it open, and he got it running. It was a nice place, it really was. It was a nice property, and the kids and Dave and I had a nice apartment at the Sands Sunset and lived on the property, but Dave couldn't take Gordon any longer.

So, what did we do next? Well, we got an apartment over on Havenhurst, and Dave started job hunting again. I still was working for the accountant, and Dave had made a connection with a guy who was building a hotel in Beverly Hills called the Beverly Crest. I think that's still there. But this was in, probably, 1958.

This fellow was going to build the Beverly Crest. He didn't even have a job for Dave right then, but he wanted him. He wanted him to help with the planning of it. We knew we couldn't stay in the apartment we were in, because we couldn't afford it, mostly, so we knew we had to do something else.

Anyway, Dave decided that he could help with building the Beverly Crest, and he had heard about a new hotel that was opening in the San Fernando Valley. We knew somebody that knew the owners, and he got an introduction to the people that were building this hotel, which was the first of its kind. It was kind of like what we now would call a motor hotel. It had a nice restaurant and a hundred rooms spread out in a two-story L-shape. It was like EconoLodges now, that kind of property, only it had a nice restaurant in this part. They were about to open this hotel, this brand new property, and so Dave said he would help them on the rest of it; he would help them get it open. But he told them that he had promised to help with the building of the Beverly Crest, so he would have to leave them once he got the property up and running.

So we went out to the hotel that he opened in the San Fernando Valley—the Chase House. We went there in 1958. Part of the deal was that I was going to work the front desk, and Dave was to be the hotel manager, so he oversaw the rest of the hotel. The restaurant was leased to one of the better-known operators of restaurants, so the restaurants were not our responsibility. (The man running the restaurant had several in the valley at the time, but this was the first one that was connected to a hotel.)

We got the property opened, and it was very successful from that moment it opened in April or May of 1958. It was a very attractive hotel for commercial visitors. There was a lot of industry in the valley, a lot of companies that had located there, and there wasn't anything there in the way of hotel rooms. You had to send them over the mountain to Beverly Hills or Westwood to find a hotel room.

This place was instantly filled, and it was fun, because it was so successful. Everybody felt good about it. But the day came when the guy from Beverly Crest called Dave and said, "I need you now."

So the guys at the Chase House looked around the landscape and then looked at me and said, "Why don't you run this hotel for us?"

"Oh, I've never done anything like this."

"Oh, you can do it. We're sure you can do it. We're willing to work with you."

So you had been acting as the front-desk manager, but they asked you to remain as the general manager?

That's right, yes.

Who were the owners?

Arthur and Enrico Icardo and Joe Amoroso.

And they took no active role in operations? They were just the investors?

They were the investors. Of course, they looked at all the numbers and reviewed them, but all of them were very busy in their own kinds of businesses. Arthur and Enrico were farmers and ranchers, and they owned the land that the hotel was built on. Joe Amoroso was in construction. He was a builder and developer in the San Fernando Valley in those days. He built the hotel, and Arthur and Enrico had supplied the money and the land for the building. Joe was a minority partner, but I'm sure he made some kind of an investment.

Did you meet with them regularly, the three of them together? Did you meet with them monthly or something?

Oh, yes. Joe lived in the general neighborhood of the hotel—in the same town or close to the same town—so he would probably come by at least several times a week.

What's the name of the town?

Sepulveda, California. Art and Enrico would come by occasionally—not a whole lot, but they would come. And I was always there anyway, so I could always fill them in on what was going on if they wanted to know. But the numbers were great.

How did they ask you to take the job? Did they come together as a group?

Yes. I think all three of them were there when they said, "We know David's leaving now, which he told us he was going to do, and we think that you can do the job."

What was your response?

I'm sure I said, "Yes, I think I probably can do the job, but are you sure you want me to do it?"

"Yes! We do." So it was not a difficult conversation at all. I was certain I could do it. I didn't think I'd have any problem with it. I hadn't consciously said, "Well, I can replace Dave," and gone to them and made the request, but they came to me, which was probably good.

Now if someone were to say to you, "Will you take over our company?" you would have fairly extensive negotiations over contract and salary and benefits and stock options.

Exactly, yes. Yes. [laughter]

What kind of discussions did you have about that?

Well, we're talking 1958 now, which is quite a number of years ago. I can't remember exactly, but I know the salary was fine, and we did live on the property.

So you stayed there with the children, and Dave went to the other property and was living on the other side?

Right, but he didn't live on the other side—he just commuted. He was getting it built, but no manager ever lived on the property at the Beverly Crest. That was far too valuable a property to provide living accommodations for management. It was probably fifteen miles from where the Chase House was in the San Fernando Valley to the Beverly Crest, so it wasn't difficult to commute at all. Many of us go many more miles than that to our job!

Nothing else would have been important then but the salary, and I'm assuming you didn't have a contract. It was month to month?

Oh, yes. No one worked on contracts in those days.

An interesting point that the world is so different now. Why was it, do you think, that at the time people would say, "Do you want this?" and you would have some assurance that they weren't going to fire you the next month? They'd have some assurance that you were going to be there, that you agreed pretty generally on what they were going to pay you. With a small property would that kind of an arrangement still be that informal today?

No, it probably wouldn't. More from the side of a prospective employee. If you get to know them, I don't think ownership wants to do anything to employees. I think it's the relationship that you have with the owner or the manager or the president of the company. In my view, people aren't out to just fire people for no reason. I don't think the world has changed that much. I really don't. Of course, you'll find as we go through this that I am a firm believer in management rights to what they're doing. *Certainly* there are abuses in some cases where management does inappropriate things, but so do employees, so it's a two-way street. And I think that the same basic qualities of your relationship are what drives how you get along in that job.

And you got along with the three of them well.

Oh, yes.

You liked them; they liked you.

Yes. It was a trust, and I think that can be the case in today's world as well.

You didn't have regular formal meetings with them to review the financial report at the end of the month or any of that? They'd just come and look at the books whenever they wanted to?

They came and looked at the books and would rely on what I was telling them. Of course, we had accountants doing monthly profit-and-loss statements, and they certainly had daily reports to show the occupancy and

other revenues that we had, so it was not a difficult property to manage. I think a great deal of it had to do with the marketing of it. As early as the 1950s, it was commonplace for a motel to have no food and beverage service and no room service and to not be very large. The Chase House property was one hundred rooms, and that was a very large endeavor in those days. I mean, there were many small twenty-, thirty-, forty-unit motels, I guess I'll call them, but this was the first venture into what we commonly called (through the 1950s and 1960s) a motor hotel. You could drive up to your room and park, but it had hotel features to it.

Was everything still on one level, or did it have two or three levels?

Two levels, and if you ever went to a third level or any higher than that, you'd always put in an elevator. It's not like in Europe and places where they expect people to climb many flights to get to a room.

Did you have food and beverage?

We had a restaurant that was leased, but they agreed to provide food and beverage service to the hotel. And then we had reciprocal services, so it worked out well for both parties. It was a well-known restaurant operator in the San Fernando Valley at the time, so it gave the property an identification as well.

Who was the operator?

Bill Castingay. He had a name, because he had two other restaurants in the San Fernando Valley. The valley is now a home for two million people, so it's a huge, huge area if you're not familiar with it. He had two restaurants, and I can't remember what he called them.

How large was the community then?

Oh, in the San Fernando Valley it was a fraction in the late 1950s of what it grew to be by the 1970s.

And your client base was people traveling through or people who were there for vacation?

Some industry had come in and had been established by Lockheed. There was the aerospace industry in the valley, and they settled, and they put their offices primarily around the Van Nuys Airport. That was not a commercial airport. Private planes, you know—a private airport. But it was a good location, and it was not far from where the Chase House was located, so that was a great source of business for us. I jumped in and maximized that by getting to know all of the businesses that were beginning to settle around the Van Nuys Airport. That was a built-in success action on my part, and, then, nobody was doing it. Nobody else understood it or had any idea of what to do about it.

When you said that you thought the success of it was the marketing of it, is that what you meant?

Yes. As I look back, motel people and hotel people in those days didn't really think about marketing, really didn't look at where their customers were coming from. They put their place on a main highway where they would get a lot of exposure, and that was their marketing.

But that's a fairly large commitment, one hundred rooms.

Yes.

And that was their whole thought process? "I think we'll have people driving by here that can fill those rooms."

I think they thought of packaging it with the restaurant, having that identification. The San Fernando Valley was just at the beginning of its enormous growth. I think these guys had a vision about it being a place that would be an attractive new service for people living in the area or for businesses coming in. I think they thought about that, but I don't know that they really focused, and until we were open, I didn't either. Well, when we got open, when

we began to see what our customer base was, we took advantage of it.

Why did you see the opportunity to go out and talk to businesses and begin to market?

I have no idea. It just was probably intuitive with me. It wasn't anything I read or what somebody told me to do. You begin to analyze, like we did at the Garden of Allah. Where did our business come from? We knew that we had an in with people in the movie industry, so we'd reach out for them.

So it began with the dialogue that you and David had at the Garden of Allah?

Yes, that's right. You try to maximize that aspect of your business. So that was really what I did now on my own at the Chase House.

Do you remember what your occupancy ran?

Oh, in the nineties.

In the nineties?

Yes.

Which was huge.

Huge. And of course, what hurt us were weekends. I began to think about how I was going to get more business in here on the weekends. That was the next hurdle.

You don't remember, I don't suppose, what kind of rates you charged in those days?

I remember it being seven, eight dollars.

The staff that you would have had, if you didn't have the restaurant, would have just been housekeeping?

Housekeepers, maintenance, front desk.

So you wouldn't have had a very large . . . ?

Well, probably twenty housekeepers to fill the work week and a couple of maintenance people and the front desk. Well, I know I hired

college kids to be there overnight to work on the front desk while they were going to school. I know they'd be there at night on the graveyard shift, and then another six, seven, eight people for the front desk. Then I had a secretary. The actual financials, as I remember, were prepared away, but we would furnish all the source data to an accountant, and we had someone who was able to keep sales journals and track the checks we wrote. Nothing was done on computer in those days; it was all by hand.

Describe what your work day would have been like.

Oh, I was around the front desk, and I did a lot there in terms of getting to know the customers, certainly during check-out time and when people were milling around the front desk. Then I would be in the back—in the back of the house, they called it—looking at what the maids were doing and looking at rooms, checking, because when you're running that high an occupancy, it takes a lot to keep your rooms maintained. But I was always very productive, very much on top of that. You can make a tremendous impression on people if you give them a neat, clean room that's in good repair. Oh, a lot of things can say you don't care about how the room is kept—not maintaining it—and I don't like that deal. I'm a nut about that kind of thing anyway, so that was a good job for me.

Did you do the same thing you'd learned at the Garden of Allah—to be hosts?

Yes.

Did you hang out with the guests to know what they were doing and to be interested in their lives? Did you do the same kind of thing?

Yes.

Did you check people in and out, too?

Yes, I did all of that, and I would then *certainly* be there in the evenings when people would come in. That was a great time to meet your customer, know what he looked like,

where he came from, what he was there for, how long he's going to stay, and all those things. So it's a real personal thing, you know—certainly well received. And people were doing that in that era. Certainly it's changed a lot today. People spend a lot of money just doing those kind of things. [laughter] But we were doing it before—maybe before a lot of people realized it—and so this became a huge success. Everybody talked about the hotel, really marveled at it, because we were setting records, which was great!

Records being occupancy records?

Yes, occupancy records. It was great to have a success like that.

Did they talk about expanding at that point?

Yes, we did. So then came the time that I mentioned earlier. What do you do to increase your visibility in the community so that residents of the community make your place the center place? You've got a good restaurant, so that brings some people. But how do you give them services and things? Before a year had passed, we built a little storefront in a separate building nearby. I went out, and I got a United Airlines ticket office, I got a travel agent, I got a beauty shop, I got a car rental, and I put them all in this new office center that we built next door. Then I went to the people that operated the transportation system to the airport, because there was bus service to the airport, and I talked them into making that property their stop, where they pick up and drop off people. That was their termination point in the valley. So I did all of this within a year and a half or so of when it opened, and it was great.

It worked very well to make us a one-stop shopping center. But it all had to do with travel, and it was something that would provide services for people in the area, so our weekend business got better, because people would bring guests who were visiting them. They'd be suggesting it to relatives, and so it improved our holidays and our weekend business, which were real weak occupancy periods in a commercial hotel operation.

Notes

1. The complex was originally named “The Garden of Alla” when it was Nazimova’s home, but when it became a hotel, the new owners changed the spelling.
2. If Joyce was born in 1936, she would have been between fifteen and seventeen during 1952 and 1953.

HYATT LODGES

You went to the Chase House in 1958?

Yes.

How long were you there?

Until toward the end of 1959. I was standing at my front desk one morning, and two guys came waltzing in. I'd seen them get out of a little Volkswagen or something out in the parking lot. (We had a lot of glass in the lobby reception area.) And the guy came up to the front desk, and he introduced himself as Don Pritzker, and he had with him a guy named Skip Friend. He said, "We heard about this property, and we're starting a hotel chain. I want to talk to the owners."

So I told him who the owners were and said that I'd arrange a meeting for them and that I'd arrange for the owners to be there, which I did, probably several days later. So we met with Don and Skip, and in a very short period of time they bought the Chase House, and it became the second Hyatt Hotel in the United States.

Yes, that's pretty much the ground floor.

Yes. They had a hotel at the airport. It was the Los Angeles Hyatt House. And they thought they found a perfect location for

hotels in or at an airport. They were a very successful operation. They had other properties under construction at the time they came into the Chase House. They had a hotel at Burlingame that was under construction, and a hotel at the Seattle airport was under construction. But they heard about this hotel in the San Fernando Valley that was doing so well that they wanted to have a piece of that and learn more about it. I don't think it took ninety days for those guys to fly back and close the deal. So that became the Chase Hyatt House.

Why did the owners sell if it was that successful?

Oh, the guys weren't in that business.

They were just in development.

Yes. I don't remember any of the numbers, so I can't even begin to talk about the numbers, but I'm sure they realized a considerable profit from the sale. And that was good business for these guys that are landowners like that. They could care less, you know? They really were in it for the money and what they could parlay it into.

So where does that leave you?

I reserve one point here. Joe Amoroso was younger and was more sophisticated, let me say, than Arthur and Enrico were. He said, "I don't want to sell. No." So he made a deal with the Hyatt people whereby he would be allowed to be a partner with Hyatt in this hotel. So he retained a minority interest, and Hyatt was the majority owner.

They came to me and said, "Well, we want you to manage this property. We want you to stay here. What you're doing is great. We certainly want you to remain here." So that was what I did. And, of course, I was very pleased and excited about the success that I felt had been achieved here.

Dave was still at the Beverly Crest. Once he got it open, then he moved on. A new company had just begun a business called Imperial 400, and it was a motel chain, but it was modeled exactly after the Travelodge concept. Now, I don't know if you're familiar with the Travelodge concept, but I will go through it. Travelodge would go out and find land that was suitable for a motel, build and get the financing, and buy the land or lease it. They would build forty-, fifty-, hundred-unit motels primarily, in those years, on highway locations. There was no food and beverage, just motels.

The curious part of their thing, one of the things that made them unique, was they would acquire a partner. They'd get the property put together, and then they would advertise, and they would have people come in who were generally retirement age that had some money and wanted to invest. The company always retained the majority ownership in those years. Of course, franchising then became an alternative to this. But then in the early 1960s, this was the popular thing to do: acquire these partners and train them, set them up in the business, prepare all the financial statements for them from source information. And so there was a consistent reporting activity going on and interaction between the property and the home office as well. Then you'd provide all of the profit-and-loss statements. You'd provide continued support services of all kinds on marketing, on buying supplies and products for the hotel, on general upkeep and maintenance, and people would inspect the

properties to be sure that they were being maintained. And they had a very good, pretty strict set of policies.

Imperial 400 was a little start-up chain that wanted to copy Travelodge, so they asked Dave to come over, since he had had this experience in opening a motel-hotel business, and they gave him the vice-presidency in the company. He started and pitched in, and this was fascinating to him. He was very intrigued with the concept of acquiring the partners and supporting them and thought it was great. So, of course, he talked to me a lot about it, and Joe Amoroso had become by that time a good personal friend. Dave talked to him and explained what he was doing, and Joe was absolutely fascinated. So almost from the day that Hyatt bought the Chase House, we were sitting down saying, "We could have a division of Hyatt that would be exactly like what Dave was doing in building the Imperial 400 or the Travelodge." And we believed that there would be interest.

So let's review. Hyatt came and bought the Chase House and was beginning their conceptual development of the Hyatt chain of commercial business hotels built around airports. At the same time, Dave began working with the Imperial 400 on a Travelodge chain concept. And the two of you, plus the minor partner from the Chase House, decided to begin to think about developing a Travelodge-type division for Hyatt, built around highways rather than airports, and smaller hotels with some sort of shared investment.

Yes. We had found such success, Ken, in developing in the commercial business. We found that commercial travelers *loved* the more reasonable, convenient accommodations that motor hotels provided, so we would look not only for highway locations but for locations that made sense from a commercial standpoint, in or around new businesses that were being established. One of the other critical issues and concerns that we had was to establish these properties where there was either a fast-food chain or some kind of a restaurant nearby, if not at the same property where you located the motel. These were the

criteria that we had when we began looking for properties—not just highway locations but commercial locations, as well. Generally, that was the basis of our thought process.

You weren't a Holiday Inns. You weren't thinking about where a family could stay cheaper; you were thinking about business travelers.

That's correct.

And did you carry your thought process on to extending it, to adding businesses like the travel agencies and those things, to build a relationship with the community, or was the focus simply on the business traveler?

More on the business traveler than anything. Although that did happen in some of our properties, we hadn't expanded at all of them. We tried to make it happen, because we found that that was certainly a key to getting exposure in a community, making people aware of you. And when they think about, "Where am I going to put Aunt Margaret when she comes to visit?" you want them to say, "Well, I'm going to have her stay at the Chase House," or another property that we might buy. Certainly you work at it with businesses, but you develop an awareness of the residents that live in the general neighborhood, and that was an important feature, I think.

This must have been 1960?

Our Hyatt Lodge division, which was called Hyatt Chalet Motels, Incorporated, was born in September of 1961.

Now at that time you were managing the Chase House. And Dave was still working for Imperial 400?

Yes.

It occurs to me that he couldn't have been jealous of you, of your success.

No, not all.

You must have had an incredible amount of dialogue about business and how to build businesses.

We did.

Your domestic life must have been like a boardroom.

Yes! [laughter] We were talking all the time about it!

Did any of your children follow that career path?

No, nobody. Although Barbara was by that time ten, eleven years old. She could run a switchboard better than most people and knew all about how to come out there and answer that phone and get the calls directed to where they were supposed to go.

What did she do? What did she go into as a career?

Accounting, and I'll fill in that part of it, because she also got a great deal of her training in that from working with me.

So it did influence their careers?

Yes.

Because it would seem this is almost a throwback from two or three generations or maybe even a couple hundred years earlier, where people or families were focused around one business.

Yes, that's right.

They live in the business; they talk about it all the time. So the first factor that I would see would be Dave's respect for you and the dialogue and the level of dialogue.

I've said this many times, and I'll start now saying it, because you'll hear me say it as we progress, that I could never have had the career I have without his understanding, his pushing me or saying, "You can do it," because he was always very supportive of me. And I believed

in him, of course, but it was a reciprocal thing. It was wonderful, you know, that we had that much feeling about each other's abilities and that we were willing to promote them and there was never any jealousy or any competition between us about that. We got along very well.

The second thing that appears to be important to me is the Garden of Allah and the social experience of paying attention to and interacting with the customers at a level. We would call it customer development now.

Right, you could call it that.

That's fancy words for all of that, but it really means that you just know people, pay attention to what they're interested in, and work harder at providing it.

That's right.

And that seems to have been just a natural part of what you were doing. Just by accident you started to do the right things when the world wasn't doing them. You suggested a place where these things may have been done, but it wasn't common.

No, certainly not in roadside developments and things in remote areas, or in business areas, even. As our country expanded and we became the suburban world we became in those years, there was a lot of opportunity to develop areas like that. Then we just happened to be doing it in the right time at the right place.

The next thing that seems to have been terribly important is that you worked at different levels than Dave did, so there were always two or three levels of knowledge of the business inside your family group.

Right.

You really knew the basics. Then you got the accounting job.

Yes.

And then you spent two years learning to be an accountant, too.

Right, right, which was so valuable.

It was a better experience than Dave had. You had a better understanding of the financial part of the business than he had.

Right. Oh, absolutely. Always did. But he was a lot more creative than I was—*much* more creative. He had vision about a lot of things and about the way things should look and what would be attractive and appealing to people. I think a lot of this rubbed off. I mean, maybe some of my sense about keeping track of things and the details and the administrative side of it rubbed off on him, but his creativeness and how he could visualize a room and what things would look like in that room He could see things that I couldn't see.

Well, this is the first time that I've interviewed a woman as successful as you are. With men, their wives are almost an afterthought in that they don't always even know what their wife was doing, and certainly they didn't involve their wife in business at that level. You were like equal partners with him.

Yes, that's right.

And you sign a contract. "We're going to go into business together, and we'll be fifty-fifty in it." Did you ever meet other couples that were doing the same thing?

No. Never have, really, found people that worked together as closely as we did for most of our lives.

What was the domestic side of life like at the Chase House? How did you do child care? And you didn't cook, he cooked.

He did a lot, I'm sure.

What did family life look like?

I'm trying to think. By that time, I think both of my kids were of school age, so, of

course, they were going to a school, which was right near the hotel. When we were still living in the hotel, that was easy to manage and get them off to school. I don't think we even had to take them to school, because I think the grade school was close enough, and in those days we didn't worry about our kids walking to school. Now that wouldn't be done, but in the late 1950s and 1960s, that was certainly an acceptable thing, and so they probably walked to school. I'm sure they did.

So then what I had to be concerned about was after-school care for them, and I think I had some high-school kids that would help out with that and be around, so that my kids were not alone. There was always plenty to do. They could go and sit by the pool, and they had friends in the neighborhood. And even though we were on a commercial street, right behind us were residential developments, so they got to know kids that lived in the neighborhood. So even though the place they lived was unique, they had normal neighborhood activities.

In the evenings, I would assume that you tried to eat together, probably?

Yes, of course.

I'm guessing the conversation would be dominated by business.

A lot of it, yes.

But you put such value on your grandmother's reading. Did you read to your children?

I read to my kids but never to the extent that she did. Oh, I'm sure that there may have been a time, but in my schedule, I didn't . . . I feel badly about it now. They both love books now and love to read for pleasure and always have, but maybe they would have had a much greater sense of it had I taken more time in it.

I think you'll find in women you talk to that if they have a career, and if they're honest, there's always a conflict with guilt—*always*. There is no way, no matter how you try to deal with the situation. You always look at yourself as not providing adequate time with your kids.

So it was a conflict.

Oh, yes.

You felt it, but by the same token, it sounds to me that if your kids worked around the hotel, that it was just your life.

They accepted it.

When they talk about it now, do they have any regrets about it?

Oh, no. None at all. They never felt they were deprived or felt, because I worked the way I did, that I didn't give them as much attention or any less loving care than their friends got. We always made time. We did stuff with them when we could.

What kind of things did you do?

My oldest daughter, when she was ten, eleven years old, became a competitive swimmer and swam competitively for about seven years and did very well with it. We would go to swim meets, and Dave and I'd be volunteers. You're a timer, you're a judge. [laughter] You get involved in all of this. So we did a lot of that.

Then, of course, Jennifer came along, and Jennifer was our next one. She was four, four and a half years younger than Barb, but she would come along, and she began swimming, as well. That was a great activity for the kids. Well, as Barb went into higher and higher levels of competition, she had a lot of workout obligations, and that's another thing to manage—to get her to her workout and get her home again.

There was a very nice private school, and they had a pool there, and that's where I took Barbara to join the swim team, was at this school. And then I put Jennifer *in* the school. Barbara continued in the public grade school near our house, but Jennifer went to the private school. Then they had after-school care there, you know, so she was cared for until I could get there and, together, bring them home, or Dave could. So that worked out OK.

I think we'd watch the normal television programs that people did in those days—some

of the situation comedies and stuff like that. We did some of that. Dave was great, and since he was so creative, he was a big help to the kids in doing stuff with school, and he always was willing to help them with projects that they had. Barbara was a much better student than Jennifer was, but Jennifer was more outgoing. Barb did very well in school, and Jennifer did, too, actually, but she just wasn't paying as much attention or didn't have as much focus on school as Barbara did. But Dave helped them both in things, and then I guess my help for them was they were learning how to run switchboards and do numbers or something! [laughter]

But they all were part of it, and I don't think either one of them ever thought they were deprived in those years that we were at the Chase House. I know once in a while, I'm sure they groaned and mumbled a little bit, and I'd tear my hair out. "Well, why can't you take me to so-and-so's? Debbie's mother is going to take her, and we want to . . . " You know, that type of thing. And, oh! There comes the guilt and feeling terrible about not being a good mom, because I have other commitments that are more important.

Now people look for opportunities to integrate their children into their work life, too, so that they don't separate it. And you had a natural opportunity, a natural way for your children to see you as you were as a person. They didn't separate you. They knew you as a working person; they knew you at home.

Right.

They knew you as one person. Many children are deprived in that respect. In retrospect, do you . . . ?

No, I feel good about it now. I'm just going back to those moments in my life where I had this big struggle with guilt, where I was saying things like that to myself and I was criticizing myself and putting myself down for those kind of things when there was no need to. In the end, as I look back on it, they had as interesting, if not more interesting, an existence than a lot of kids I know, and they

had more of our attention just because they were that close to us and with us.

So now we're at September 1961, Hyatt Chalet, Incorporated.

Hyatt Chalet Motels, Incorporated, yes. Well, first, before we formed that, we had to go to meet the Pritzker family. Don Pritzker, the guy I mentioned who came into the Chase House and wanted to buy it, was the youngest son of A. N. Pritzker, a very, very successful businessman in Chicago. He had an education as an attorney and became a deal maker. They're amongst the wealthiest families in the United States.

With a reputation still for being deal makers.

Yes. But by the time we got to know them, their holdings were enormous and diversified. I don't mean in hotels. They owned many factories; they owned forestland where they made paper; they had gotten into some electronics by then. What these people were brought up and trained to do was to buy a company right—to go and look at it and dissect the company, just like you see guys doing now when these mergers take place. They weren't in the public-company arena. This was private. This was for their family interest. But they learned to buy it right, where it made economic sense, where you could see where you were going and why you bought that company, because you had a plan and knew that it was the right price. And you knew to never overpay, ever overpay. That was clearly the death of any business. If it got to a point where they felt they were overpaying, they never paid any attention. They never fell in love with a deal itself, nor fell in love with a business, that they couldn't separate from if it wasn't making sense.

Falling in love with the deal is probably where 90 percent of the people can make a mistake.

That's right.

One way or another they become infatuated with the process.

I found myself getting emotionally involved in a deal; I can't cut loose. And they had the Samson mentality and the drive to always keep that as their primary focus and to make it depend on sense. And if it didn't make sense, or if it started to *not* make sense in their group of businesses, then you separated yourself from it.

But anyway, we took the plan to A. N. Pritzker. I was trying to give you a background. He was truly, certainly the leader of the company, although all three of his sons were involved in the business from the time they were little boys. All of them were educated as attorneys, I believe. They were *clearly* in their father's business. Clearly. None of them went off to practice law anywhere else or join a law firm, but having an education in law was extremely valuable in the kind of business they were in.

At any rate, Don Pritzker had just gotten out of the service when he came down the pike that day and looked at the Chase House. He hadn't been out of the service long, and his father wanted him to begin this hotel company, so that was going to be his, and he became the president and CEO of Hyatt House Hotels Corporation, the beginning company.

Joe Amoroso, as a partner in the Chase House, had met and become well acquainted with A. N. Pritzker, the father. So Joe took to A. N. Pritzker the plan of developing a division of Hyatt that would follow the Travelodge concept. A. N. liked the idea, so he capitalized this division of Hyatt as a wholly owned subsidiary. This was the company I said was formed in 1961 with a million dollars. And he said, "Now, guys, run with it." So that was the beginning of our building or buying sixty Hyatt lodges and thirty freestanding coffee shops.

That was not a goal that we established in the beginning; it was what we ended up with when a change occurred, but that was what this ultimately became over the next ten-year period. So from 1961 to 1971, we built and operated and developed that kind of property. We went out and found the land in the beginning, of course. And I don't know that we ever didn't use lease property—got a subordinated ground lease from the owner of

the land, which was then subordinate to first-mortgage financing on the building. We got a line of credit or an agreement from Lincoln National Life Insurance Company to loan us money to build the first seven motor hotels in our chain. And the way we had the plan, we knew what we were spending per unit.

So we presented something that said that with a million dollars we would have the financing to build seven Hyatt lodges of varying sizes. We probably had by that time some locations in mind where we were going to be and knew where we could get the land and what size property we could build there. So we proceeded, the three of us—Joe, Dave, and Jeanne.

I'll never forget, our office was in that office complex that I said we had built—that little business center next to the Chase House. We'd had several different kinds of businesses in that office, and nothing had been the right thing. So that's where we went. We got somebody else to run the Chase House, and we went over and became the officers and the directors of the new company. Joe was the president, Dave was the vice president, and I was secretary-treasurer. We sat in that office like, "Well, guys, here we are!" [laughter] And those were a great ten years.

Tell me some specifics, like the first property that you looked at and where it was, how you acquired it. Explain the concept of subordinating the land and all that, where you got those concepts, and how you did it, and how you got your line of credit, and what your presentation looked like.

The first one, I remember so clearly, was a property in Pasadena, California, in our own general neighborhood, which was good. I'm glad we started out in California, because we could *never* have done this for as far-flung as we got. But in the beginning we had enough sense to look in our own backyard. I can't even tell you the size of the property, but it was large enough to accommodate a forty-unit motel. There were good food services, and these are some of the things that we looked for: a highly commercial area, lots of businesses around, lots of residential areas also

near the Hyatt. And Pasadena was pretty well built up, even at that point in time. Forty-units there. We built the next one in Pomona.

Joe was the builder?

Yes, Joe was the builder.

So did he build all those?

Oh, yes. He built them, particularly the ones that were in our area. Now, when we got out of town

And Dave was the designer? Was he the conceptual person?

Dave helped and certainly designed and helped in choosing what we were going to put in, how the rooms would be decorated, what our lobbies would look like, and what we would look like as a property.

With franchise models—you talked about the Travelodge—there are some ratios that are important. So you need to know how many maids, how many rooms per maid.

Oh, yes.

It's the room rates; it's how much they spend, the quality of the sheets and the towels, and how do we do all those things? And those are the ones that they control. But your operation had your beginning experience and some management concepts, too, about marketing and the way you developed business; which means that your partner—or your resident manager, whichever you chose to have—had to have more than just a financial statement or the policy, but they had to have the conceptual thing.

That's right. They had to meet people that would know and understand and be willing to market their properties.

There are two elements I'm curious about. One would be the financial ratio that made the deal the right kind of deal that would work for the corporation, and the other side was the human-marketing issue and how you chose

the people that were going to be your joint-venture partners and how you did training and all that.

Well, as to the people who became our partners, we tried to look for people that First of all, the motel business, as we knew it then, was a very confining business, especially if you were building a smaller number of units, because then you're doing everything there. You do not have time away and the ability to get out from under. I mean, you can have somebody baby-sit for a few hours, but it doesn't give you the real sense of ever being away. So, we had to have people who understood that and who, in our judgment, had the temperament to do that kind of thing.

I will tell you we made some mistakes in our judgment of some of these people who became our partners, although we tried to support them to the extent that we could to get them over that. If it was really a bad situation, we'd try to find a way to buy them out and get somebody else to assume that position, because we realized that it wasn't in the best interests of our company, to say nothing of the people, to continue when they just couldn't handle the kind of commitment it required from a guy and his wife. A lot of people viewed it as a retirement, these golden years. "Well, we'll just invest, and then we can go off and let someone else handle it." It didn't happen that way.

What percentage did you sell?

Twenty-five. A minimum of 25 percent, up to 50 percent.

It was 25 to 50?

Yes.

You maintained control.

Yes.

And how old were the people you were looking for?

We didn't have any particular age policy. But to have people that could, as I remember

it now, invest up to \$50,000 in those days, would be

Big bucks.

Yes, a lot of money. So you don't find kids that are thirty years old that have that very often. I don't think we ever found any of them who would decide that was what they wanted to do. I'm not saying more people didn't have that kind of money. They did, but that was not what they'd be choosing to do. Primarily, our market was older people who had the money but had probably owned their own small business, been with a larger company, and wanted to try something on their own with themselves and wanted to own it. In fact, that's really basically what we got.

How did you get them?

One of my favorite, favorite persons who became our partner was a guy who was a mortician and ran a funeral home. But this guy had the most marvelous personality, and he and his wife were some of our most outstanding partners. They built this tremendous little jewel. They chose a great location. I mean, we'd chosen the great location, and they made it great.

Where was it?

Medford, Oregon.

And their name?

Rehana. In fact, I still stay in touch with them. They built fifty units, and then they added on, with our help. It was a very successful property, and it finally sold for many, many times what all of us had invested in it. It was a real shining example of how you could make something like that work. And a funeral home director, who could jump in this real people business—it was wonderful. And he did well.

Was he from Medford?

He was from that area. I think his mortuary had been in Marysville, California. But, it's in

that northern California-southern Oregon neighborhood, you know. He was very familiar with that whole area.

And did you just advertise for him? Would you go looking for people?

We advertised. Once we got going, there were a lot of referrals, you know, from people who became our partners then told friends who might want to do the same thing. But we advertised in some of the trades and stuff like that to attract people initially. It was all a very interesting business. I think we all grew in experience and know-how, and we probably didn't know a whole hell of a lot about it when we began it, but we certainly learned very quickly.

You were inventing a business.

Yes.

Talk about the first one—what it looked like, who your partners were, and all the detail of it.

It was a forty unit. I have a picture someplace of a Hyatt Lodge. In that style, there's an A-shaped building on Convention Center Drive east of Las Vegas Boulevard going toward the convention center. And the roof color now is either a light blue or pink, I don't know which. That's one of our buildings, but when we built it, it had a red-tile roof, a mostly glass lobby with lots of darker wood trim, and a ceramic tile floor. I guess we envisioned it as being like a chalet, and then we built the units going off of it.

And that main building would just have the front desk, or would that house a restaurant, also?

No, it had a front desk. Then we tried to team up with Denny's or the International House of Pancakes—those two primarily.

Did you have much of a lobby area??

Nothing large. Probably the whole lobby area would have been twenty by thirty, six

hundred square feet, maybe seven hundred square feet. Not huge. Maybe a little larger than that but not much more. That housed the office and the front desk. In the buildings that we built for the hotel rooms, we had stations. There was a main linen room—a central place located somewhere on the ground floor where we housed the linen and all the supplies. Depending on the size of the property or number of rooms you had, you then located linen rooms close enough so it made sense. I can't even remember the numbers, but we knew then what worked.

About how big were the rooms?

The rooms were fair sized, actually. I would say twenty-eight deep by twenty feet wide—about that size.

And they just had a bathroom in them?

Had a bathroom and that's all. It didn't have any cooking room or refrigeration. Given the area, we might have put in some suites where we had refrigeration, but never did we have any kind of cooking in our rooms. I mean, we were a daily motel and not an apartment complex.

Now people put in desks and things for business travelers.

Yes.

Did you have any business amenities?

No, I don't think so. Where space permitted it and we thought it was the right thing, we might have put in a nice table that would have had a phone on it and a work area. Then we had to decide the number of rooms in which we'd have two beds versus the number of rooms with a single bed or a king-size bed. And when I say single bed, I mean either a queen or a king. Again, that would depend on the area we were in and what our market was. If it was primarily a commercial hotel-motel, we'd put a lot more single beds in.

How did you know what the market was going to be? By the locations you chose?

Well, by the location. By the location and by why we chose that location, because we knew the reasons why were choosing a particular location. It was either a business center where we believed our primary business would come from those businesses, or it was out on a highway somewhere, and there you'd want to put as many people as you could comfortably into a room. So you'd put in two beds, and you could add the rollaway. Given the design of the building and, again, the shape of the property, you could put in a little extra, spare place around a corner or something so you could have a mother-in-law or a mother's place to stay. I remember we tried to design several of those, because they were very popular for travelers—where one part could be somewhat semi-private from the rest.

Did you build special living quarters for the managers?

Yes. Yes, we did. Quite nice apartments. Again, that depended. Some couples had children, several did, that were living and of an age that they had to be with them. Generally, there were two bedrooms, but we even built as many as three bedrooms.

And were they attached to the building?

Yes, they were generally.

In other words, they looked like they belonged to it.

Right, yes. The building began, in some fashion, attached to where the front office was. So the manager's, or the partner's, apartment would be the first unit off of the front office and lobby.

Where did you live once this started? You couldn't have been at the Chase House anymore.

We didn't stay in the hotel any longer. It came time that we had to buy a house, so we went to Northridge, California.

You'd been married eleven or twelve years already, and you'd been living in hotels all the time.

Yes. [laughter] So we bought a house in Northridge, which was the first house that we ever owned. And it was a track house, but it was very nice. We bought it in 1961, 1962. It only cost us \$25,000, but at that time you could buy something quite nice. I don't want to tell you what it's selling for today in California. It would just *shock* you what that kind of a house—about 2,000 square feet—is selling for now. It's just unbelievable. But anyway, that was our first house, and we loved it. It was great. We really enjoyed being away from hotel living.

You must have needed some sort of child care there, because you must have been on the road a lot.

I was. Dave was more than I. The company bought a little airplane, because we were locating in some cities that weren't easy get to, and particularly in those years, commercial flights didn't come very near to those cities. So anyway, we had a little plane that Joe Amoroso learned to fly, and one of his instructors became our pilot. Dave spent six or seven hundred hours in traveling around, mostly in the West. This was just a little plane. I can't even tell you the kind it was, but you could seat four people in it, and I think it was a two-engine. It served the purpose, and Dave was very much accustomed to it. I don't think he liked it in the beginning, but he got very used to it, and it gave him an opportunity to get to a lot of places a lot faster. He could cover a lot more ground and be back sooner, and so that all worked out very nicely.

So after the first one, where was your second one?

In Tarzana, which was right in our backyard. Tarzana's right next door to Northridge in the San Fernando Valley. You're probably familiar with the valley, but those cities are all together. I mean, you don't even notice when you go into the next little town. From Tarzana to where our offices were might

have been, at the most, five, six miles. So that was our second one. Oh, no. Our second was in Pomona. And then our *third* was in Tarzana.

The Pomona location is probably about twenty or thirty miles southeast of Los Angeles on the way to Palm Springs. It's where the Los Angeles County Fair is held. It's somewhat outside the city of Los Angeles, and that was the furthest one away, then. And then we built Tarzana. We built this one here in Las Vegas in 1963, so we were moving.

How long was it before you had five, for example?

Probably within two, two and a half, three years. We had at least five by then.

The first probably takes the longest to put everything together.

Yes, and by that time, we were already leasing land and finding these other locations, lining them up. We hired a guy to come on our payroll to go out in the world looking for locations and bringing them back to us so we could make a decision. And we had the kind of requisites that I talked about—either a good highway location where we could pair with a Denny's or a House of Pancakes or a city location that was well located for business. Again, a primary concern was to find a restaurant that was nearby so that your customer didn't have to go very far. We couldn't offer room service. We never did in any of them that I know of, until we got into the ones we bought in the South, and those were more motor hotels than motels. But I would say that in three years, we had at least five up and running.

When you're out doing leasing and having somebody else out looking at property and under construction, you're still a ways ahead of your cash flow.

Yes. We were fine. We were ahead of our cash flow, yes.

I would guess it. It must have been five years before your cash flow caught up with your expenses.

Well, yes, except that we got in a bind. Well, first of all we made the arrangements with Lincoln National for the first seven or eight properties. We knew that we had construction money for that number. We went to Al Parvin. He owned a company named Parvin-Dohrman, and they supplied hotel furnishings. That was their business. They didn't very often do this on time (i.e., credit payments). Usually if you bought furnishings, you paid cash, but we went to them, and we got them to agree, and they did open financing for us just on our signature. But, of course, they knew they were dealing with the Pritzker family, and so I think that probably helped us a lot.

So we then structured those payments. We could take five years to pay that off. We worked these various kinds of financing deals, and we built in all the payments to the property, I'm sure even the furniture. I'm trying to remember. When we structured the partnership, we handed them a building with a certain amount of debt on it, and I'm not sure whether we included furnishings or we didn't. But, certainly, the mortgage was part of the package that we handed them, so they knew they had mortgage payments.

You must have had some arrangement where they kept a living-wage portion as part of the operating expense of it.

Yes.

And then I would suppose a sliding scale—that is, as the debt was reduced, they got a larger portion. How was that structured?

We had a bottom line after certain payments, which included debt and land rent. Now that I'm thinking about that financial statement, I don't think it included payment on the furniture. We had to pay for that out of our end of the profit. We declared a seventy-five/twenty-five split (or whatever the number was, depending on the amount of the venture they owned). So you paid operating expenses. Obviously it was up to them and up to us to be as prudent as we could about our operating expenses and yet allow enough so that you

could market the property and have the things you needed there.

That's why you had stay in constant touch. You would travel to the properties to be sure that all those things were being done, that maintenance was being done, that those kind of things were kept up. If you were a partner, you might think, "Well, I'll just let these things go," not really caring about the eventual effect it would have on your business or perhaps not even understanding it. So it was a constant hand holding. I think it was a much more time-consuming, harder job to get in touch with these people in a real way than we first thought.

But we had some great partnerships. We really did. Almost without exception, the guys who were the ones that knew how to market their property and knew where their business was coming from were successful.

And was that just luck? You'd get somebody who could do that, or did you teach them? Did you work with them to do it?

Well, we'd help them, but again, it's our ability to communicate with them. If we fail to communicate or we made a bad a choice, too bad for us, and then we had to find ways to buy them out or try to get them out of the operation in some way. I think we did several things. I think we bought some out. I think we might even have supplied management, which we charged them for, to be there and try to stop the bleeding and find a way to turn the property around.

I would think that you couldn't let it go more than a couple of months—that in the beginning, you had to be there. Just from listening up to this point, I would think that that would have been your job. You would be there looking at the books and rooms.

No, Dave was the guy that was out on the properties. I was running the home office. That became a pretty time-consuming, enormous job as these properties came on line. Now we have five, now we have ten, now we have twenty, and we're getting information from

each property every single day. And we're keeping track.

Maybe it was wrong, but we kept that all in that office there. We were in a paper jungle. They paid their own bills, but they had to send us a copy of what they paid to support the disbursement that they showed us. They had to send us their check record. They had to send us the sales journal, and we did all the bank reconciliations. [laughter] By the end of the day, we had created a pretty big monster in our home office.

If I were looking at it again, I'd certainly find a way to move it out to the property and find a way to get it done there. Of course, in today's world that would never have happened, because there are so many ways of transmitting information now that we would never have needed it.

But in that era there was no other way to do it, except to trust people enough to go to somebody local, and I don't think we did. I don't think we really felt that we wanted to hire an independent accountant to keep track of it. First of all, the people may not have had the experience to know what they were doing. Some of them didn't, some did, and we always felt that we were better equipped to monitor that. We had more timely and better information if we did it than if we allowed them to go off on their own, and it would have given them an opportunity to hide a lot more stuff from us.

It also sounds like you would have lost a good part of what you had been doing. You now no longer get any contact with any of the customers. You're sitting in an office with a mountain of paperwork that's meaningless. Any accounts-receivable clerk could file it all. It's that kind of a chore rather than a managerial chore. And if Dave's out traveling the property, you were less involved in discussions about what's going on in the business anyway.

Well, I guess I found my hands full with just managing this office and the numbers of people that we had to have to keep the records and prepare them. We needed to get them into a financial-statement presentation to get back

to our partners, ourselves, and Hyatt, because don't forget, we're wholly owned subsidiaries.

Did you meet at all—quarterly, annually—with the board of Hyatt?

Occasionally, but not on a regular basis. Don Pritzker stayed in very close touch with us and was one of our supporters and one of the guys that really helped us. Of course, these guys were very creative in terms of getting financing and being on top of that end of it. They were excellent advisors in that part of our business, so they really helped us.

Did you guys divide the labor? Joe was . . . ?

The deal maker.

Dave was . . . ?

Dave was the operations.

And you were the home office.

Yes. Isn't that a strange . . . ?

Did you meet monthly and look at each of the financial statements and talk about all the details? How did that work? What did you do?

We'd sit around that big table. We had a conference boardroom in our office, and we'd go over the financials and decide who was going to do what to who and how we were going to communicate with our partner in trying to either curtail expenses, increase revenues, or what could be done—strategies for each property. All of us knew the locations. All of us knew why we'd chosen the properties and generally knew something about the area in which it was located. So, you know, there were a lot of people looking at trying to make these things successful.

You said that you hoped to get about 10 percent, and that would fluctuate monthly based on the fees, and there were all kinds of things that would impact that. But when you reviewed the statement of each property, you'd look and see where they were, and one of

things that you'd look at would be their profit and the expenses.

Well, the profit, obviously the expenses, and whether they lined up with acceptable percentages of revenue. I cannot recite to you today what we bought—supplies, linen, help—but we did have a whole model that we knew.

And you built that model yourself, or did you have industry standards for it?

We built that model ourselves, from our own experience, and we also compared it to industry standards, so it was a combination of some research there.

Did that help you later on in the casino industry?

Of course.

Now people would laugh, but people in this industry didn't always have good operating ratios.

That's right.

And some of them still don't.

And don't realize it. [laughter] It's always amazed me how people look at it and they have not a clue as to whether their costs are in line with the revenues.

With casinos we have a hard time with the language. You said, "Did they have enough revenue?" Was the problem cost, or was the problem revenue? With revenue, you have occupancy percentage and you have average daily rate.

Right. And what could we expect? If you were operating at an expected occupancy rate but your average rate per room was too low, then you had to find a way to get that up. Or, if the location was lousy, there was a way to increase that rate.

I'm guessing that the weaker partners would always say, "That's what the rate is locally. The occupancy is down locally."

And you'd say, "But that's not the standard in our chain."

In our company, yes.

And then what happens? Now you have the typical standoff.

Yes. But we had styled ourselves kind of as a father in this situation, as a parent, as a support system, so you couldn't lose sight of that. Yes, you had that standoff, but you have to go there, and you have to begin to analyze it. Is what this guy's saying true? Are there other places to go to get business? How can you inch the average rate up? What is the best possible thing? It's just that somebody had to go there. And you have to talk to the people to find out what they were doing, how they were treating the customers, and as I talk about it, I wonder how we did as much as we did.

Was that sometimes a team effort? It sounds like that would be, because you and Dave would be an excellent team at doing that.

Oh, yes. I went out a lot, and Joe got so that, if he were in general neighborhoods, he'd go to some of the places as well, at some of our locations. It was primarily Dave's responsibility, but I certainly got involved. And I was the first one looking at the numbers, because I had an instinctive feeling about whether they were doing well or not doing well and where the problems were. So we were all well suited to what we were doing.

You said that I found that I was cooped up in a room, and I didn't even think of it that way. I thought it was fascinating to put this all together. I really felt as though I'd accomplished something to be able to produce a statement and have the analysis that we needed and get it done. I felt good about that and didn't feel as though I was missing some part of my life. Really didn't.

You must have been excited about the growth.

I was. You know, we were just constantly looking to be sure that we'd lined up everything. Now, that was a whole *new* part of my education, learning what it took to lease ground, to understand the ground lease, to know what it did and didn't say, what the payment terms were, what kind of insurance we had to provide to the landlord, what our relationship with the landlord was. Then there was our mortgage and how to understand that, because these are things I had not dealt with in my past life, but I had to do it there. So you'd manage to organize it so you'd have all that information and a place where you could look at it and easily see what your obligations were in leasing the ground and in making mortgage payments, your relationship with lenders as well as the landlord, and how all that went down, how it all fit together. It was a learning, growing period of my life where I touched something I had never had any experience with.

You said that at the end of a couple years, you were up to five properties.

Yes. By the end of 1963, I'm sure we had five. The one here [Las Vegas] was probably the fifth or sixth one that we finished, and I think we had finished that. I know we were building it during 1963, so we had it done maybe even before the end of that year.

In this kind of a business as I'm describing it to you, the way that we looked good was to add more property, obviously. That was giving us our income. So, of course, the scramble was to get more properties. In Joe's search for locations, we began to say, "Well, maybe there's some properties that are in trouble that could be bought right. We would make the right terms to buy existing property, you know. True, they didn't meet the look that we were trying to establish, but we also knew we had to build a company at a faster pace than maybe we could have by building each new building.

And we were finding that as we built these places, we had to rely on contractors in different cities: Yuma, Arizona; Phoenix, Arizona; Medford, Oregon; Eugene, Oregon. You began to deal with both general contractors and subcontractors in these remote

cities where you're not in touch with them and you don't know anything about them. The most rude awakening and real shock was how I found there were so many people that would be willing to cheat you on the construction side of this if you weren't looking. By that time, we'd hired somebody to be our roaming construction guy, who would go out and try to stay on top of the construction in these areas as we started to expand. That was difficult.

And of course, that was another thing. We did all the accounting for the construction job, for the construction of these properties, so that was another learning experience for me. When I found a good general contractor (and there aren't many), they were like finding a jewel—somebody that you could hand your checkbook to and say, "You can have it and do it." And I didn't find anybody out in the world. I found one here—and that's it—that I really felt I could rely on. And that's an interesting comment to make.

Here in Las Vegas?

Yes. And I'm sure there are honest ones out there, but I just never felt we hit on them, or we didn't know how to choose them, or we weren't doing the right things.

Who was your builder here?

Sierra Construction.

Another entirely different skill is building something at the right cost. Your partner said you make the deal right. That's the bond and the But the next issue is building at the right cost.

Building something and bringing it in on the budget that you had planned for it.

And you were novices at that.

That's right.

You could get as far out of line with the construction as you could with the land.

That's right. So as you see, we had entered a brand new zone for all of us. Probably Joe was the most experienced in construction and ground and that kind of thing. I won't say that he had any vast experience, but he had a lot more than either Dave or I did. And so we had *some* help there, but these were huge learning times for us.

What mistakes did you make? Which place was the wrong place to choose? What constituted the wrong partner?

Oh, I think our partner in Tarzana was the wrong partner. I think, mentally, they weren't equipped to take on that kind of life, and they had not a clue, unfortunately, of how to operate. Fortunately, they were the property nearest to our office, so they were the ones that we stayed in closest touch with.

We had a number of outstanding partners, I will say, that we really knew we could rely on. And they did well. They sold their properties. When the time came that the properties were sold, they sold for a lot more than they'd ever dreamt of having in their entire lives. Made a lot of money for us and for themselves. So there were great stories, and there were sad stories out of all of this.

Did you buy Tarzana out?

We got partners, and we bought them out. We got other partners there, and that helped. That helped a lot.

Well, again, the guy from Hyatt is Pritzker. He said, "If it's not right, get out of it," so did you have any properties that you just said, after a year or whatever, "Here, let's sell this thing and have a bonfire."

We might have sold one or two. Oh, New Mexico was a disaster. I mean it ended up being one. Well, it wasn't a bad property, not from choice of location. Oh, oh. What a nightmare that was! Albuquerque.

Was that one of the early ones?

Yes. One of the first five years, yes. We bought that partner out. Amarillo, Texas—he

was very good—and Denver, Colorado. In Utah, we had several properties—Salt Lake City. I don't know whether to now stop and tell you what happened to me personally.

Yes.

In 1964 I became pregnant unexpectedly, and so now there became another great conflict in my life—whether to continue the pregnancy or do something about it. Dave and I spent a lot of sleepless nights talking about the pros and cons and how we could manage either way, and we came to the conclusion that we should have the baby. So we planned on how we were going to manage having that baby, and I continued doing what I was doing. Patty was born in 1964 just before Jennifer's tenth birthday.

That was in which month?

Jennifer's birthday is in November, and Patty was born September 27. Well! Patty was an absolute delight to us. We never regretted making that decision, ever. That would have been terrible had we chosen the other way, you know, looking back on all of this. That brought a whole new dimension to our lives, as you can well imagine. We're already in our new house. At least we were there! But now this called for our having to *expand* and build on, but we did that. We added another room, which became our room, and then we had enough bedrooms. Because now we had to get somebody to live with us to take care of Patty, and so we had to go out and search for that. And then, of course, we had all these kinds of requirements in that direction, so to find that person was another part of my story here. At the same time, I was giving the time and effort and focus that I had to the business, and I wasn't about to give that up.

Fortunately, I've been very healthy. I've had a gift of health all my life, and I have never had any serious illness. My pregnancy was fine, even though I was getting along to where I was in my late thirties and everybody says you're in a high-risk zone then. And I never even thought about being in a high-risk zone. I just said, "Oh, I'm going to be fine." [laughter] It never occurred to me to worry

about it. Unlike my first pregnancies, with this one I was very careful about what I ate, and I gained less than twenty pounds and was able to be back in my clothes in a couple of weeks after the baby was born.

We knew several people who had a need for someone to live with them and care for their children, and they'd use people from other countries. So I went to an agency that had been recommended to me that brought people in from several European countries. England was my first choice, for the obvious reasons—for the language. The first girl who came to live with us was Suzanne Garrity, and she came from someplace near London. Darling girl. She was nineteen years old, and she came right after the Fourth of July. And I remember Jennifer saying to her, "Hey Suzanne, did you have a great Fourth of July?" [laughter]

Suzanne says, "Oh!"

That was always a family joke that we had. Suzanne didn't know what to say. That put her in a funny position, but she was a darling girl, and she was wonderful. She became another child to me, really. I mean, I treated her like one of the family. She learned to drive. We got a car for her so she could *really* become a true help to me and could do a lot of things, in terms of not only taking care of Patty but being able to get around and do shopping for me and various things that needed to be done. So that was a big help.

I think we did some of the right things there in choosing a person to be with us like that, because they became part of our family. And if you show them that kind of love, they're going to give the same to your kids—chances are much better that that will happen.

Of all the things that ever happened in our marriage, Dave probably disliked having somebody in the house, which I understand, and yet, he also knew that, "Hey, we have to do this. We can't have it all our way. There is a give-up here." And I think he didn't like having someone in the house, but he got used to it.

She tried to cook for us, and that was such a nice . . . [laughter] Dave said, "*She boils everything*, including the steak, and I can't stand this." Dave had to give some cooking

lessons and begin to teach somebody else what to do.

It was funny, but we managed through all of that and had a lot of laughs about it—really amused ourselves with some of the funny things that happened. We were able to treat it with a sense of humor and laugh about it afterwards and not let it eat at us and say, "Oh, damn, this is terrible." You know, we managed to get past it. Suzanne stayed with us for about two and half years, and then she decided that she's now twenty-one and that she can find other things that are more exciting to do. She was going home first, and so she decided to leave us, and then I had to find a new person.

This time we ended up with a girl from Spain who was sixteen or seventeen years old. She lived in the Basque country in the northern part of Spain. She had gone to Paris and got a job caring for children in someone's home, and she learned French. She stayed there a year or two, then she went to London totally alone and put herself in an English family and learned English. She was really enterprising. Now the best of all is that her sister follows in her footsteps. She went to the same family in Paris, learned French. Well, I ended up having those two young women over the next ten years. They became a real stable force that I had. Maria came and spent four years and then wanted to go back to Spain—I think to join the revolution or some damn thing—and then Amaya, her sister, came and stayed with us.

What's their last name?

I can't even remember their last name right now. I will think of it, because it finally ended up that we went to Spain and met her mom and dad and her whole family, as a matter fact.

Were they Spanish, or were they Basque?

They were Basque. There's a Basque language, they knew the Spanish language, French, and English. So, they'd done very well. They'd gotten a great education by doing this, and I think they both took a lot back to their country with them. I will never forget how shocked and appalled they were at what we gave our kids. We didn't expect anything in

return. We just gave them things, and I know both of them could never understand that, even Suzanne.

And the first girl, Maria, when she came, was how old?

About nineteen.

Nineteen?

Yes.

So by then, your oldest daughter was eighteen, nineteen?

No, fourteen. OK, Patty was born in 1964. We had so much fun having Patty and really loved it, so we decided that we just couldn't leave Patty all by herself. So we had Joyce, and she was born in 1967.

Nineteen sixty-seven. So you must have been over forty.

Yes, I was.

And Dave was . . . ?

Fifty-one, fifty-two, yes. Anyway, it was wonderful. It really was.

And when is Joyce's birthday?

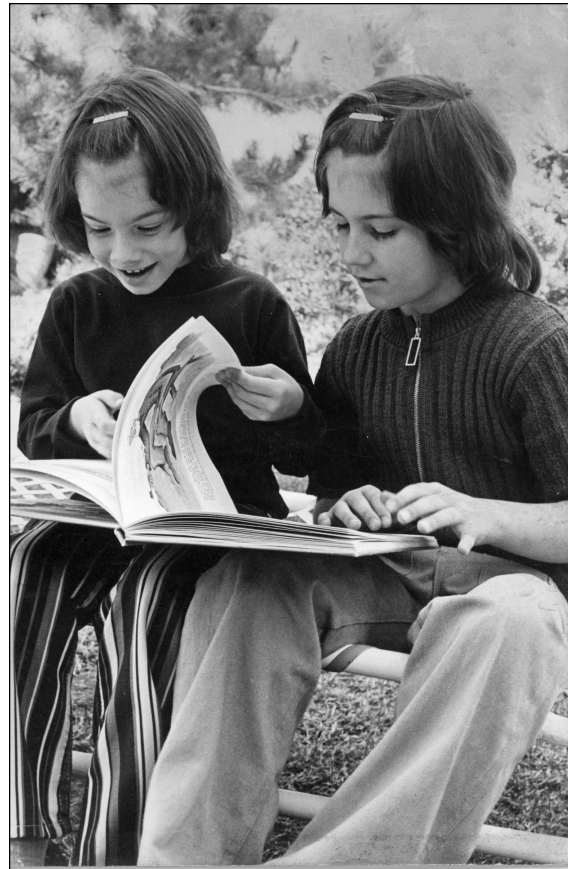
July 9, 1967.

I was listening to you when you first told me about your youngest daughter, and I was trying to add up the years and figure out, "Hmm, how old was she?" [laughter]

Yes. In fact, I was approaching forty-two. I just had my forty-first birthday in May, and she was born in July.

You're a different kind of parent the second time when children are that much . . .

You are different. Well, in our first years, as you can tell from what I told you so far, we had struggles. We were worried how we were going to live and how we were going to keep



"We had so much fun having Patty and really loved it, so we decided that we just couldn't leave Patty all by herself. So we had Joyce, and she was born in 1967." Left to right: Joyce and Patty.

eating and having a roof over our heads. Now you can have a much more relaxed, more focused time and enjoy them more as babies, small children, and growing children. I am so glad we had Patty. It happened by accident, but then we carried through with it, and we had another one, because it was a wonderful time. Just great for both of us

How about your oldest girl? She's seventeen by the time your last girl's born.

Well, that's an interesting side, too. When I was pregnant with Patty, Barbara then was fourteen and she'd just gotten out of junior high. She was entering into high school, and as I grew with my pregnancy, she began to not even want to recognize me as her mother. [laughter] She would rather that I would never

show up anywhere. She'd like to say, "That's not my mom." Because, I guess, for some reason, kids that age just don't think that their parents do those kind of things. [laughter] And what's more, to let it arrive at something like that! It just was hard for her to put together, and I can understand that. She was a lot better with Joyce. Jennifer was not old enough to really contemplate this, but Barbara was. She was old enough to realize that this was going to have an impact of some sort on her life, when she was fourteen and was just testing being an adult. And all of a sudden, this was going to happen at home? Oh, she was scared. She was doing very well in her competitive swimming, and she didn't want me going to the swim meets anymore. She would rather I had left the world and had that baby and come home.

Were you at all embarrassed? Coincidentally, my mother had two daughters the same way, with the same age difference between myself and my sisters, and my mother was embarrassed. My mother was embarrassed to be pregnant. She thought, "I'm too old to be pregnant." And she was uncomfortable. And you were in the business world.

I never was uncomfortable. In fact, I was proud of it. I thought it was great. I was just so confident that I was going to manage everything, that I was going to make it work. It never occurred to me, you know? I think when I got pregnant with Joyce, I did very definitely, consciously make an effort to not show as long as I could. I tried to wear things that would hide it, because I didn't want to have everybody looking at me.

I felt great all during my pregnancy and had very easy deliveries. All my kids were born on Sunday, which is kind of an interesting little fact. I always keep telling them, "Sunday's child is full of grace." And I went to go to the hospital at 8:30, 9:00 at night, and they were both born before midnight, so they were easy, simple deliveries, no problems, and really felt great. I didn't have any after effects and all the things that people so often complain about, *particularly* when they're older. They seem to find that they've got a lot of things

the matter with them! [laughter] And I never did. I was just very healthy, and as they say, that was a great gift that I'd been given.

I felt good about myself, because I went right back into my clothes, and I was just back to normal and back at work in ten days, because we'd done enough planning that we had people living with us. I told you that I had help, you know, and in the beginning, of course, in order to keep the kind of schedule I was keeping, these young women were the people that had to get up in the middle of the night for those feedings. I'd do it on weekends, but I did *not* do it—I *couldn't* do it—and really maintain the schedule. And so that was great. I was able to get rest and not have to be just so worn out.

I watch my daughter, Patty, who's just had her first child, and how tired she is. She's trying to still do things where she works, and she's so worn out, poor thing. I really feel for her. The baby's nine months now, but in the beginning it was very hard to try to manage both sides without somebody there to give you that relief in the middle of the night so you can sleep through some period of time and get rested. I probably went through the same thing when I had kids earlier, especially Jennifer. I was trying to do what I was doing, although I was living on the property at the Garden of Allah at that time and probably didn't really experience that. But if I'd had to try and maintain a schedule and do these night feedings . . . And you know how babies make a lot of noises at night, and you never really sleep well, unless they're not beside your bed where you know you're going to wake up every couple of hours to do something for them.

So I was fortunate then, and I didn't have any guilt feelings about that. Patty, for example, just feels so guilt-ridden if she doesn't have that baby right beside her twenty-four hours a day, and I never had that feeling with the younger two. I knew that good care was being taken of them, and they were getting fed, and they were getting somebody to love them. [laughter] It didn't make feel as though I was any less a mother for that. I felt I was less a mother in terms of other things I couldn't be there for, but *not* that nighttime.

Did you feel less guilt? By then you were more successful. You certainly knew that what you were doing was going to benefit your children.

I felt much less guilt with the younger girls, because Dave or I could find a way somehow or other at that point in our lives where we could make something for them. Or, for sure, Suzanne or Amaya or Maria could be there, you know, and I felt that they had a support system. I think that's what you really need for your kids is a support system—somebody that's part of your family that's on the scene for whatever the event is. I didn't put myself down or feel critical of myself with Patty and Joyce, and that was good. So in terms of making any difference in my career, it didn't. I just sort of seemed to sail right on with what I was doing and keeping the same kind of schedule that I had before.

The growth of the company must have accelerated if it was a couple years before you had five, and then you had sixty at the end of ten years. Until the fifth year you were still going pretty slowly, but you must have accelerated.

Well, one thing we did was that we bought six at one time.

This was when you recognized you couldn't construct them fast enough, and so you started looking to buy them?

Right. So in one purchase we bought six properties that were in the South in Mississippi, Georgia, Alabama, and Tennessee. That was interesting to try and keep track of those properties, with as far away as they were. In the late 1960s, there was no getting there on little planes. Today, of course, you can very easily do that, but in those days you couldn't put enough gas in a small plane to make it across the country in one try. So we had to go in commercial jets, and the properties were located in major cities, so they weren't that difficult to get to.

And if you didn't pick the locations, it meant that some other rationale was used, other than your ideas about being located near business

centers or highways. So how were these located?

Basically the same way. [laughter]

So the locations were good locations from your standpoint?

Yes, right. They were good locations. We all went to look at them at some point before we bought them and agreed that it was something that looked good. And at that point they could be bought right, too.

Do you remember what year that was?

I think it was 1966 or 1967 that we acquired those six at the same time.

Do you have any idea what the price was?

No, not a clue, and I thought I'd never forget those numbers, too. There is one number I do remember, which will give you sort of a frame of reference. We felt in building these properties in California and Arizona and Utah and Oregon that we could build one of those for \$4,000 a unit. Not furnish it, just build it. So that if you had a 40-unit property, you could figure out what the cost would have been for 100 units. Construction costs were OK for the time, but we weren't building anything that was very complex.

So when you say that you bought it right, it probably means you bought it for less than it would have cost you to build it.

Yes.

How many units were there? Do you remember?

Yes. Several of them were hundred-unit properties.

Of the six?

Yes.

You built a lot of rooms at one time.

Yes, we did. Yes. The smallest one was—and you will laugh at the name, but I just must tell you—the Moon Winx. Their sign was a half or a crescent moon with a big eye winking. It was in Tuscaloosa, Alabama, the home of Bear Bryant's football team, and they always stayed there when they were in practice season. The team stayed at the Moon Winx. What a name! [laughter] We didn't change it; we called it "The Moon Winx, a Hyatt Lodge" and left it at that. So it was a charming property; it really was. And it was the smallest of the group we bought. I think it only had forty-five, fifty rooms. As I say, several of them had over a hundred rooms.

But anyway, we had great fun visiting those properties. Now we never got partners for those properties. We operated them ourselves. They were company owned, and we put management in.

So you just hired managers?

Yes.

And how did you go about that?

Dave would contact people that he knew ran ads in trades for the hotel business.

Did any of those people ever become venture partners with you?

No.

Why did you make the decision to operate those? Those are the only ones you were operating in the system, right?

On our own, yes. By then we had developed several. We had one in Lincoln Heights outside of Chicago—Waukegan, Illinois. We had one in Minneapolis and St. Louis, Missouri.

This is an empire. Your office and your paperwork must have grown even more monster-like! [laughter]

It was just like a big monster. [laughter]

Were you still operating out of the same office?

Oh, no. We outgrew that very quickly, and we moved to an office building on Ventura Boulevard, and we were there until we came to Las Vegas.¹ And then if you can believe this, we moved that whole thing up to Las Vegas from the Ventura Boulevard address. That was a nightmare.

You were moving all your records from ten years worth of operating?

No. Well, by that time we'd sold some of them. Before we got around to the move up here, we'd sold some of the properties. It was still a nightmare to bring everything up here.

Was Hyatt all along very pleased that you were growing?

Oh, yes. We were fine. The gross revenues were great. As Hyatt grew into the major cities, into the hotel convention-type properties, and we continued on this road, I'm sure that we all sensed that there was a growing problem. And when I say, "a problem," it really wasn't a problem. They never made us feel like it was a problem, but the Hyatt image was changing so dramatically from an airport motor hotel to a twelve hundred-room hotel in downtown San Francisco or our flagship, which was the Hyatt Regency that opened in 1967 in Atlanta.

That was the first atrium construction. A guy named John Portman designed that and went on to design many, many atrium buildings across the United States from that first building he did in Atlanta. But for one whole year after that hotel opened, they had to have traffic control on the streets around that hotel—it was on Peachtree Center—just for the people that wanted to visit that hotel and have the experience of walking into it. I called it the "Oh, my God" spot, because when you walk in, you're looking straight into a huge, huge lobby, and you come in in a relatively low-ceilinged area, and all of a sudden you step out, and you look up like this, and here's twenty stories of rooms that are all facing on this atrium.

I can remember the first time I visited there. It opened right when Joyce was being born, so I couldn't go to the opening—I had to stay home—but Dave, of course, went.

Those were exciting days. We went to all the Hyatt Hotel openings and were a part of all of that and were considered management.

I was going to ask you that. As a wholly owned subsidiary, you could be one-directional only. You send them money. "Don't bother me; we'll tell you. We'll ask you questions." Or you could be more in a situation where they ask you questions, they involve you in decisions about Hyatt hotels, and you are becoming part of Hyatt.

We weren't directly involved in hotel selections, although Joe, because of his real-estate background and certainly the way he'd grown, became a very valuable asset to them. They began to rely on him. He became a negotiator for them as time went on, because he knew what it took, and he was very, very good at that, so they relied on him. But our operational side of it was so different that I don't think we could have offered much to say what service should be like. I mean, we could make our comments if we *chose* to, which we probably did, about service in a hotel and what they had there, but we weren't part of the planning of new Hyatt hotels. Nor were they a part of the planning of our properties, either. Certainly each could comment on the other's, but there wasn't any real competition between us, because we were entirely different kinds of business.

You had this dramatic growth rate, and at the highest point, you got to sixty properties?

Yes.

And that was in 1970?

In the early seventies, maybe 1970, 1971.

Oh, so 1970 is just when you moved your offices from California to Las Vegas?

No, we didn't move our offices up here until 1972, 1973.

So when did you start to sell off the properties?

In 1971, I sold all the coffee shops but six.

Oh, you owned the coffee shops? We haven't talked about that. Before we sell them, let's build them.

[laughter] Well, I guess we were so infatuated with our A-frame design that we decided that would be a great design for a coffee shop—a freestanding coffee-shop building. So we went ahead and designed a coffee shop. [laughter] It seated 110, 120 people. Maybe we built a couple larger ones than that, but the minimum was 100. And it was fast food, open 24 hours a day, with real coffee-shop-type food. We again chose corners that we believed were good restaurant locations, with accessibility and shop centers—wherever we thought there were people.

What was the name of it?

Hyatt Coffee Shops.

And it was a subsidiary of the chalets; it was a subsidiary of Hyatt?

That's right. The coffee shop was a subsidiary of those, yes. I should stop right now and tell you that in the mid to late 1960s, everybody was looking for ways to save on income taxes, and so if you formed subsidiaries and had individual companies for each one of these properties, there was some tax-free income. I think it was \$25,000, \$30,000—it doesn't sound like a big number, but in those years it was—of income before there was a tax imposed on corporate income.

After I look back on it, I don't know what it was worth, because it was an enormous undertaking, but we formed companies for almost every single one of these places that we built so that we could report our income as a part of this separate corporation. Also, there were some liability issues, and we thought we would distance the parent company, Hyatt Lodges, from some liability. I don't know whether we could have made that stand up now, looking back, but that was part of the rationale in doing this.

So we named them all. We didn't know what to name them, because we would have gone crazy with names, but in our office we had each property numbered, so we ended up

naming them accordingly—the 2-1-9 Corporation, the 1-0-2 Corporation. And we knew by the numbers which one it was, because we knew what state they were in by the numbers. [laughter]

So, one hundreds were in California and two hundreds were in Alaska or something?

Or somewhere else. I knew that I could instantly associate that number with the property name.

How many of those did you have?

Oh, gosh! I'm sure we had forty different corporations.

Coffee shops?

Oh, no. We ended up with thirty coffee shops. We built twenty-four ourselves, and we acquired six from an unusual guy in San Francisco. [laughter]

[laughter] Just somebody on the street corner you met in San Francisco?

It almost felt like that. He was a weird guy, but we did build twenty-four, twenty-five ourselves, mostly in southern California.

When did you start to do that?

In the mid-1960s, maybe 1965. We built in the Los Angeles area, in the San Francisco area, in . . .

You must have been dizzy at times.

I was.

From 1960 to 1965 you went from being a manager of a little thing to suddenly owning businesses all over the United States.

[laughter] Jumping into this! It was a challenge.

This is a little Wal-Mart kind of story. There aren't many companies that grew that quickly.

I mean, it's the kind of growth rate that McDonald's had. Amazing!

McDonald's started about the same time we did. In fact, they used to use our property right outside Elk Grove, Illinois, to house the people that came to train in their center there. They had a school there, and they called it McDonald University. But we had the contract. They stayed in our property there. In fact, I'm sure that we had one or two locations where a McDonald's was involved.

And they probably didn't have many more franchises by that time than you did.

No, but look what happened to them.

Well, you started to unravel yours, but before we unravel them, I'm still interested in the restaurant as a different entity. Now you're managing a whole other category of things. Are you doing it with franchises?

No, no.

You're managing them all?

No partners. These are all wholly owned of the Hyatt Coffee Shop division.

So now you really have to have the kind of ratios that they have. I mean, portion control, the purchasing, everything has to be centralized.

Yes, and you have to have a menu that works.

You must design the menu centrally. What was your core food item? What was your mainstay?

Our mainstay was probably breakfast. We did not do a huge dinner kind of menu—breakfast and lunch was more the thing. And then lighter meals in the evening, but I guess they could be considered dinners.

Breakfast is a low-margin, high-volume kind of thing.

Yes, yes. I know it is. I guess we were so enchanted with our design The coffee shops were not one of our money winners.

You can't book 10 percent in that kind of a thing.

No, you can't.

I mean you're probably 5, 3 percent?

We were lucky. That was tough. Those were nightmare things, trying to control those.

And when they're wholly owned, then you have all the issues of management and all the personnel issues.

And the staffing and all of the personnel problems.

Uniforms, all that stuff, and that becomes very difficult.

Can you imagine? We designed everything.

No, I can't! I can't imagine that. [laughter] I can't imagine you in this room full of paper with making babies at the same time that you were doing this! [laughter]

And then doing all the accounting!

Yes. You needed to have a huge accounting staff. You must have had a lot of people.

We kept talking about not letting the home office expenses get out of line, but when I look back and think about the people that I had that were doing things for the restaurants We had people that did specific things for the motels. We had people in the whole coffee-shop division, and we did every bit of the accounting. We took daily registers and converted those to the sales and tied them into the bank deposits and did all the credit card billing.

With each property.

Each property. I don't know how we did it. I do not know how we did it. We did *not* leave any of that at the location. We did it all in-house. I don't know how we did it, when I think back.

So your job has changed again. At one point you were a glorified file clerk and accounting clerk, and now you're managing a staff of people who were shuffling paper. You were flying around to openings and making babies. So how did the unraveling go? The first thing you sold was the restaurants.

Yes. International House of Pancakes in 1970 said they'd like to buy all but the ones we bought from that unusual guy in San Francisco. They said they wanted all the rest of them. They liked our design.

That's why they still use it?

Yes, in fact. It was a seller. They had a design like the one we had, and their coffee shops were somewhat similar. We sold them all to the president of International House of Pancakes. I'm sure he long ago bit the dust, because the company went into a terrible slump. Fortunately, they were able to buy us before that happened.

Do you remember what the price of that was?

I am thinking that it was around \$5 million.

Well, at the time it must have been a big sale.

It was.

Because you're selling twenty-four restaurants at one time.

Yes. It was \$5 million or \$6 million. We sold them with some cash up front and then payments over so many years, and I remember having a party the day that the final note was paid. They were big annual payments, and that was a great day in our lives, because I thought I'd really finished a chapter where it didn't drag

on forever. There was a five to ten-year payout on the note that the International House of Pancakes owed us. I can remember having the burning ceremony. [laughter] When we finally got our last payment, that was a big day.

What happened to the unusual guy's restaurants?

We sold those. They were hard to get rid of, though. We must have all been asleep at the switch when we bought those, because they didn't turn out to be

Can you give me some detail on the process of selling the lodges—what your role was and how you actually accomplished it.

Yes. We worked with commercial real-estate people who dealt only in the sale and purchase of motels and motor hotels. You'd go to them if you wanted to buy, you'd go to them if you wanted to sell, and they would match you up, so to speak. The same kind of people are still around that deal only in motels, just like there are those that deal only in homes or only in certain kinds of commercial real estate of various kinds. So they have a specialty.

They also built up a following of people that are interested in becoming motel owners or are interested in selling their motels, just like somebody builds a following in a restaurant or a doctor has people that become his patients. So these were the kind of people we went to, basically. We didn't go out to the general public and try to sell these properties, but we did work with real-estate brokers who found us buyers.

Initially, the real-estate broker, to a certain degree, qualified the people in terms of that they were honest-to-goodness buyers, that they knew what they were getting, that this was the kind of property that they wanted, and that, most importantly, they had the money to buy it. So you got past those kinds of hurdles before you finally met with the prospective buyer. Generally, that meant I would go to one of the cities in which these properties were located so we could talk to the prospective buyer in the neighborhood in

which they were buying and understand how they viewed the property and what they thought they were going to do with it. In a sense, I was then qualifying the buyer, seeing if I thought that he could make it work, because it was a pain, believe me. We had to take some of these sales back, and that was always a nightmare. [laughter] And, of course, I got more and more cautious about buyers as I went along with this experience, because you had to find people that were going to be there.

Were you asking for formal business plans or just kind of informally going through the process?

It was more informal than anything. This was at the beginning of the time that many Asian-Indian-type people had enough money. They were in some fashion able to get it out of their country. And I think that there was something about our immigration rules that if they got in business here and managed to make a certain dollar investment and hire a certain number of people, that this would get them a lot closer to getting a permanent visa or being able to qualify to become a citizen. So this was in their interest as well as mine. Usually you were able to get a larger cash-down payment, which, of course, I was interested in, because we were getting out of the business, and it's just much better if you can have a bigger equity going in than just paying five hundred dollars and being able to take possession of the property. And I'm being facetious about that.

How much did you hope for when you took care of the cash, as a percentage of the total?

Oh, at least 20, 25 percent. We were attempting to get *at least* that, if not a greater amount, and we would deal on the balance if we could get more cash up-front. [laughter] I certainly knew that and so worked on it.

And did you look to see whether they were getting secondary financing, whether the cash was theirs?

Oh, yes. We had to find out where it was coming from and what they expected, how they were going to manage whatever the balance due was. Then we'd satisfy ourselves that they had a plan and the ability to service the debt that they were assuming, and, of course, there were mortgages on all of these properties. In most cases, the company, Hyatt Lodges, had to stay primarily responsible. We could sell so long as we agreed to remain on the notes. So, you see, we were effectively still there. It was like having a partner again.

The only difference was you got some cash and you were allowing the partner to buy you out.

Right.

And what was the normal length of time you tried to get them to pay out in?

We tried to get the payout over fifteen years—less if we could. That was the most that we would give. And, of course, you had to keep in mind that some of these properties—not the ones we built ourselves but the ones that we bought—were older properties. So we had to be sure, too, that the buyer coming had money sufficient to do whatever repairs or refurbishing was necessary so that we could assure ourselves that they'd be able to be there. You had to look at the quality of the buyer and his ability to run the place and also the cash that he said he had going in.

If we didn't have a large enough down payment, we would certainly insist that we have some way to assure ourselves that the money was spent on the property, and we did make those kind of arrangements if we felt good enough about the person and felt that the operator had the ability to make this go. Looking back, I remember several incidents where we would lessen the cash down payment if it was going to be spent on the property, and then we'd ensure that it was in an escrow account for refurbishing the property or making it better.

The southern chain, you said, sold back again at one time? You bought six at one time in the South.

Yes, and I think we sold them all to the same buyer. Yes.

Did any of those people get their own financing and buy Hyatt's position out completely and take first position on the debt?

Yes. The one in Las Vegas did. The people who were our partners bought us out in that convention-center lodge that I talked to you about. They also were our Palm Springs partners. They bought an interest in the Hyatt Lodge in Palm Springs that we'd built, and they bought us out of that, as well. So they owned both properties, and they were our partners to begin with.

Were a significant number of sales to Indians or new immigrants to the United States?

I don't know. There were a few. I wouldn't even say there were half that went to Indians, but . . .

But even 20 percent would be a significant number.

Yes. Probably 20 percent.

There are lots of jokes now about the 7-11's and who owns the 7-11's, but this was maybe the beginning of that trend as an immigration tool? I wonder if there were co-opted funds, where a group of people financed one family to come and do that.

All we knew is that they said, "We've got \$50,000 that we want to give you."

We didn't question them, "Where did that money come from?" That was in a bank account that we could look at. Today, almost everybody has to tell the bank where their money is coming from, but in the 1970s, nobody really asked about it. If it was in the bank, that was good enough. [laughter] And if it met our criteria, we were ready to sell.

From what I see of the operations on most of those things, they just think that they'll be successful because they're in the right location. They'll do all the work themselves. The women

will make the beds, they will run the front desk, and that's their marketing plan.

Yes.

That wasn't your marketing plan. That's never the way that you thought . . . Did they meet your image of being capable of the business development?

No, not particularly, but if they had a sufficient cash down payment, and we could see that . . . They had to speak English or be Americanized in some ways so that they understood what we were doing. A couple were really bad experiences. So this was an ongoing thing, because then you had to go back to repossess the property after somebody really stripped and robbed it, and then you had to put it together and market it again or try to find somebody who would then buy it. At that point, you're at the fire-sale price. Then, depending on how much cash you got initially in the down payment and how much you'd been paid, how many years the note had run, you could figure out what your success rate was and what you could sell the property for at that point.

How long did the whole process take you? You started it in 1972?

Well, I started in 1972 doing this, and by 1977, when Dave died, I had done most of it. There were still several properties left, but I'd sold most of them.

We still continued the office in Northridge. We called it Northridge Industries, but we were Northridge Industries doing business as Hyatt Lodges. We continued to have the home office of Hyatt Lodges at the Four Queens in the same area as my office.² Once I became president of the Four Queens, I couldn't effectively manage the Hyatt Lodges as I had before, so I had to get people working for me that were capable of doing a lot of that administrative detail.

I got several of them to travel to the cities where we had to repossess. We had problems with making mortgage payments. We had problems in any of a variety of things where they weren't meeting the terms of the

agreements that they'd made with us. It would usually take someone visiting the property to straighten things out. If we thought it made sense, we'd give them better terms, try to work with them. If we didn't believe it, our representative had to become tough on whether we're going to take it back or what we were going to do with it.

I still counseled on all of that, but I wasn't able then, once I became president of the Four Queens, to be taking off and going around the countryside dealing on these properties. But I had people that were bringing the different problems to me, and so we managed that for a long while, up until the time I went to Atlantic City. That was when the home office of Hyatt Lodge was at the Four Queens.

During the time that you were building the Hyatt Lodge chain, you were consultant to your partners, too.

Yes, that's correct.

All of you would go and look at them and critique the properties. Dave, more than anybody else, would talk to them about how to market it, improve the property and their profitability, strengthen their marketing, and all that. When you were selling the properties (as opposed to going into partnerships), did you continue that process to help them be more profitable? Or did you only go there when there was distress and they're not making their payments?

Exactly, yes. We still ran the same kind of support system for the partners before we sold the properties, with me being the guy that went out and held their hands and talked about their property, how we're going to sell it, what we intend to do, do you want to buy it, can we make a deal—that kind of thing. But once we sold the property, there was no room to then continue providing those services. We weren't getting anything for it.

Only a small percentage of your partners were able to purchase the property.

Yes. As I said, the Palm Springs partners bought that property and the one in Las Vegas.

In some ways, it was more difficult to sell to your partner, because many of them had grown tired of being as confined as that type of business made them. And that was one of the problems with having partners. You found few that really enjoyed that kind of relationship and loved being at their front desk and being the greeter and looking at their properties and maintaining them and being sure that they were well maintained. The service was there, but by and large, most of these people had a little different view. They were, as I told you, up at the age to retire, but they'd accumulated enough to think that they were going into another business or were going to buy themselves another career. And they found out that it was a hell of a lot of hard work and a lot more confining than what they'd been doing before.

So it was disillusioning in a way to some of them, and I can remember several incidents where people had gotten themselves into something that they really had no idea about. We tried very hard to warn people that this was a confining business when we talked to them about becoming our partners. We tried to make sure that they really understood it and understood what that meant to be there twenty-four hours a day and to be at your client's beck and call. Your guests were there.

Was that inherently a limiting factor, so that if no one had died and if the Hyatt hadn't changed their line, this wouldn't have gone too much longer before there was a natural limiting factor in the partnerships?

That's right.

Because it just really doesn't work for longer than maybe ten years in a person's life to try and do that.

That's right. And so you build yourself like Travelodge did, to being the best in that respect. I think the way they became best was to get enough locations out there where there was a referral in two ways: a referral as a great place to stay for these traveling guests, and, secondly, a referral in that somebody's friend or aunt or uncle or son or daughter or good pal, brother, sister wanted to become an owner.

They were building a customer list in two different ways. So, as their chain grew, that helped all the people that were members of that chain, because it gave them a much broader reservation service as well as building a group of people that could furnish referrals to become franchisees or partners. So they were able to get to that magic place.

We came to kind of a crossroads. If we hadn't been able to phase out at the time we decided, would it have just been self-depreciating or could we have talked the company into going into it in a big way—really continuing this and capitalizing us to a greater extent and letting us expand our operation? Because I think we were limited by the size we were. We were doing a lot with just very few people.

It was really just the three of you.

Yes. Well, and then, of course, we kept hiring people.

Did the partners cash out with some increase or did they just end up with whatever number of years of hard work and whatever they had originally invested?

Some just put in a lot of hard years and got their money back. Some made a lot of money. Now, remember I was telling you about the mortician who bought the property in Medford, Oregon? Oh, God. He got ten times his original investment.

And he could have hired people, because he was making enough money to hire somebody.

Exactly. Exactly. But they worked very, very hard. They didn't take long trips around the world or do things like that. They worked very hard, but they cared. It was like a child to them. They loved it, and they flourished with it. They're a shining example of this side. I think we got a lot better at the selection process as we went along.

I would assume the same process was true in selling, that you got better at identifying people. With the partners, it amounts to more

assessing their energy level or what the variables were in a good partner.

I'm not saying that we didn't make errors in our assessments, because we did. But in looking in retrospect now, the guys that could really become the successful operators were the people that had a broader vision of this business and were very focused on it. A quality wasn't that they knew how to make beds and clean up rooms. The quality was, "What am I here in business for? Where are customers coming from?"

And no matter how much we said it, they were the guys on the frontline there, and they had to make that decision. We couldn't drop in and leave the motor running in our car while we ran in and told them where their customers were or where they were coming from and what they were going to do to increase their business. There was no way. And I am more convinced than ever that you need that kind of person on the property to feel the pulse of the business and know where it's coming from. I don't think people just drop in and know that, and that's for all aspects of it. That's for how your help are treating the customer, how well your rooms are kept up, what kind of service you're giving in your restaurants, all these things. You have to live with it and be there and understand it every single day. You don't just learn this by coming in and making a visit three times a year, and there's no way that you can tell those people where their customers are coming from or how they can really make their business better. They're the ones that have to know what makes the difference and then be sure it gets done.

So when you're talking to somebody, how do you recognize the focus?

It was very hard. It was very hard.

How long did a typical negotiation take for a partnership before you finally signed a contract?

Probably three, four months before we'd really get somebody to give us their money and sign up.

And how would you do that? You'd go meet someone in an office?

We had them come to our offices, then we'd take them to the property that we were building in the neighborhood they thought they were interested in. We'd go to that area, point out whatever it was that made us like that area, and tell them why we selected it and then have them do their own research on it. And we were choosing a place in Fullerton, California. We did our assessment and believed that there were a lot of things down there, so we sent a prospective partner down there for his opinion. Well, the guy came back and had just a zillion ideas about what he was going to do, and he was right. He made it very successful.

What city was that?

Fullerton, California, in Orange County. It's south of Los Angeles. There's a college there, and there's a heavily industrialized area, but they've also got some nice residential there, too. He was a great partner, made his place successful. We sold it, and he sold his interest, because partners had the right to sell their interest, too. Of course, we'd have to approve who they sold it to. So that I remember very well, that they could go and take a look.

We had a place in Thousand Oaks where the partners were very disappointed in their business. He was an executive with Proctor & Gamble, and they lived in the Midwest for years. Well, he had held down his position at Proctor & Gamble, and then it'd gotten to a point—I suppose he was probably in his mid-fifties—and they decided that they just wanted to get out, so he took retirement. I'm sure he had a lot of points, maybe stock options and stock that he'd bought. But anyway, he was able to put together what in those days was quite a bit of money, and he *loved* the location in Thousand Oaks, and it was a good location. It's west of Los Angeles, west of the San Fernando Valley, going toward the ocean.

The gentleman's name was Dwight Strom, and he surveyed the area. It's a lovely, lovely community, and so, of course, that just dazzled them to begin with. Coming from the

Midwest, it was pretty inviting. It was a highway location that could be seen from the freeway, so the visibility of the property was excellent, because they were really pretty much in the downtown area of Thousand Oaks. This is a little, tiny city. It's not a huge metropolis, but they had a man-made lake out there and very nice homes in a great community. I think they saw themselves fitting into the neighborhood very nicely. They looked around, and there was industry growing to the west of them going further toward the ocean from the San Fernando Valley, and so I think they saw that that there was enough growth that it would be a decent commercial location as well as having the visibility from the freeway.

So we built the first number of units. I think we built seventy or seventy-five units there, because we had enough land and we felt the location deserved this, and he had the money, of course. Obviously that pushes the cost of the project up, but he had the money to become a 25 percent partner. They weren't used to being confined, although they said, "No problem. We understand, and we don't mind this. Our children are gone now. We don't have anything to keep us at home. We really want to work together. We really want to do this."

And yet, in the end, you know, a little of that goes a long way. About two years of that went an awful long way to teaching them. It was a new location, and when I say "new," I mean in a newer area. So it was a building location, and it was someplace where they had to rely on themselves a lot. The business development didn't come as quickly. It eventually became one of our leaders in the chain, but at the time, it was just a start-up location.

And oh, they were so unhappy, and they really made our lives miserable, because they would just fuss and complain all the time. [laughter] They got so focused on complaining, they began to forget what they were there for, and it was to operate that place and improve the value. We tried to tell them that, because I really felt he was a great salesperson. He really was. He was very outgoing, and instead of feeling as though they were in the wrong place at the wrong

time, they should have focused on how they were going to get out of there. The way they could do that was to improve the value so that they could sell very easily or get the company to buy them out. But they just got so sour on it that we finally just had to take over the operation. We did finally pay them out, and we gave them back their money, but it didn't make them any money, and it ended up being an unfortunate situation. But that's how we made mistakes—believing that these people knew and understood what they were getting into, and of course, finding in a short time that they didn't.

It sounds like they were looking for a retirement community, and they thought that . . .

Exactly. They ended up buying a home in Sun City, and they *loved* it there. They had a great time. That was just where they should have been all the time. With Thousand Oaks, they thought they were going to be able earn some money at the same time as retiring. Well, that was not what our business was about.

It occurs to me that there probably was more than one divorce as the result of this, too. That people decide that they want to work together in this intense relationship, and they discover that they didn't want to be that close together.

Because many of them didn't ever work together. Now with this couple, he had a compartmental life. He went off to this job at Proctor & Gamble, and I don't think his wife had the vaguest idea about what he was doing over there, nor did he know about their home and children.

The guy that went to Fullerton, that ended up in divorce. He was a great operator, and as I told you, they sold it. And then a lot of it was over their divorce as well, because they ended up separating, each going their own way. Well, she was one of these gals that was almost childlike. She'd never worked, and we probably should have realized that, although he was such a great guy and such a salesman, he completely obliterated our vision of her. She just didn't have the ability to be a businessperson, to really understand it. I

suppose she was a great homemaker. They'd had several children, and the children had been growing up OK, but she was in no way equipped to be his partner in that business.

That's a sad, sad story, and I felt badly about it, but we had to go through these experiences. You can't always be right, and fortunately, I think we were right more often than wrong in our choice of partners and in our knowledge of areas. Some locations were a lot better than others, but also, that had to do in the end, with the focus and vision and ability of the people that were there managing it.

Turning from the partners, what were the variables that made a good buyer? It occurs to me that there may be some relevancy in the fact that in picking people to do anything, you need somebody to successfully complete something. So you had to look at the person, and this is like hiring somebody. It might be relevant, in hiring for key jobs, to interview the spouse. You couldn't do it for everything, but certainly for CEO's and other top positions. It might be important sometimes.

I think it certainly would.

Because when you described what the wife was like in this situation . . . This is a partnership. Oftentimes when you're hiring a key executive CEO or something, the wife is a partner, and the whole family is a partner.

Right. He's a less effective CEO for you if he's got problems at home with a wife who doesn't understand what his commitment is to that job and the time required and the attention required from him. And so it is important what is happening in his personal life, very definitely. It certainly has a *huge* effect whether they're active in the business or not. If he has problems all the time and is coming home to problems, he's going to be a far less effective manager for you than he would be if he was a well-rounded, happy person with a good life all the way around. I think that's a wise comment on your part, because it is true, certainly in key jobs like that.

Every casino manager's wife should be interviewed. [laughter]

I think it's important for the key people. Maybe even the top five or ten people of your organization. Also, I'm thinking that if someone had a history of chasing women at work wherever he was, and then he gets into this new world where he's intensely just around his wife, he has a whole set of behaviors that aren't going to fit.

Exactly.

Not only maybe his wife doesn't fit in some cases, but he has behaviors that really don't.

Right.

This is the ultimate empowerment. You're getting a partner who has to really do the work.

Yes, and hold up his end of it.

And invest money, besides. So you see, it's the same thing you want in any CEO or any chief executive, but it's even more complex, because he has to pay to get into it, besides. I think you always need that kind of focus.

Sure. And to the degree that you hire people with reasonable intelligence, their focus is what makes them a very good employee, a contributing employee or not. Absolutely. You have to start out with the premise that they have the ability intellectually to do that job. Some people haven't got the experience, background, and maybe not the mental capacity for it, because they're not experienced enough to understand it. You have to be careful. I got burned enough times that I tried to be sure that nobody was going to fail because they just didn't have any idea what they were getting into.

It's not a place to answer this yet, but this makes an interesting point, that maybe you got more qualified to select important people because you were used to trying to find a person who wasn't going to fail.

Right.

Someone who had to be able to, on their initiative, accomplish something, as opposed to just filling a position. Because every time somebody fails, it costs you real loss.

That's right.

So back to the characteristics of a good buyer. What made for a good buyer other than having the . . . ?

Having the money? [laughter] Best of all, if they'd had a good experience somewhere else and had owned a motel before, they had the background and already had a vision about why they were going to make this property better than the last property. And those were exciting buyers to have.

Now to take these people that came from just off the boat from Iran. It was hard to really assess how they were going to take to the job, keep property up, be successful at it, and, very importantly, communicate. You know, I quickly learned that we were going to get our property back if you took someone in and sold him a property and he wasn't able to talk to the people who were going to become his guests in the hotel. We're just not going to be successful, when all around you, your competition is talking to them in English. And so the first requisite is communication, because there were a lot of people that didn't have command of the English language that thought, "Oh, I can run this motel." And so that was one point.

But we were looking at them entirely differently. We were anxious to get out. We were anxious to make a sale that we'd hope would stick. I mean, we didn't want to go back there taking it back over.

If the process took two or three months to find a partner, how long was the process of qualifying a buyer?

The same.

Took the same? Did you try to make them do the same thing—go stay in the area, analyze it, come back with a plan? How did you do it?

Well, if they weren't familiar with the area or they didn't have a reason that they wanted to buy that particular location, yes. But generally, you had people that for one reason or another—and of course, the reason was important—wanted to be in Amarillo, Texas, or Yuma, Arizona, or Seattle, Washington.

And the broker, I suppose, helped with that process of prequalifying them, too.

Oh, yes. And the reasons why they wanted to be there were important, because there would be their own something there. They had family there. They had some reason that they wanted to be there, or they saw the business opportunity there, which was great. That was wonderful if they already had their vision about the business opportunity, which many of them did if they were outright buyers. I'm not talking partners. I'm talking now about people that we were selling to.

But you're right. The brokers themselves had done a lot toward having this kind of history for me when I went to talk to a prospective buyer. And I knew, for example, that they had owned a motel on the west side of town and they saw the east side as being a better location, and we were there. Or the growth in the area had changed and was moving a different direction, and the buyer had that in mind. We had good *reason* to understand why someone wanted that particular property. So that worked out pretty well. And I don't mean to imply to you that I had to take a lot of properties back. I didn't.

Do you know about how many you had to take back?

Probably two or three out of all of them.

So that's not bad at all.

No.

Very small percentage. That's a good return check-out response. Through this whole process, you had to become increasingly better at judging people's character, their ability to do what they said they were going to do, your ability to negotiate not just the understanding

of the property and the location but of the human part of all these things.

I believe I did.

You're not as good as Joe, but . . .

Oh, no. Joe was an expert in that area. [laughter] He was one of the better people and one of the guys that made a good many of those very, very large, expensive, Hyatt deals. Yes.

Notes

1. In 1972, the Hyatt Company, through its newly created Elsinore subsidiary, purchased the Four Queens Casino-Hotel in Las Vegas. Jeanne's husband, Dave, was made president of Elsinore and took charge of operations at the Four Queens. At the same time, the Hyatt Lodges group (Jeanne, Dave, and Joe Amoroso) moved their home office to the Four Queens as well.
2. The home office for Hyatt Lodges moved to Las Vegas in 1972. Jeanne's husband, Dave, was running the Four Queens, and Jeanne was managing the Hyatt Lodges. After Dave's death in 1977, Jeanne took over the presidency of the Four Queens.

LAS VEGAS AND THE FOUR QUEENS

In 1972, Hyatt buys the Four Queens hotel and casino. So could you give me a brief of history of what the Four Queens property in downtown Las Vegas had been like prior to Hyatt buying them?

I wasn't there personally to see all of this, but my understanding is that it was built in 1965. Construction was started in 1964. Only a hundred rooms were built, with a casino that was the same size then as the casino was when we bought it. It had the same restaurants and stuff like that but with just a hundred rooms. It was built by local people, and I think there were twenty-two partners in the company that built the Four Queens. Some people owned a much larger percentage of it, and some owned down to one or two points, as they called them, which I guess was 1 or 2 percent of the 100 percent. Anyway, there were twenty-two owners.

And the key here is that when you talk about that structure and the ability to raise money, that was the way that people raised money in Nevada, through partnerships.

That's right.

And so they could not have more than fifty partners, I think, or people holding less than 2 percent.

Yes.

So the rule was, that was the way it was done, with twenty or twenty-five people, and one of them had a much larger percentage, and that person usually dictated the management and the operational stuff.

Yes. So very shortly after the hotel was open, they were instantly a success, so the story goes. And I should back up a little bit. When they built the original hundred rooms, they put footings in for twice again as many stories. The columns could bear the weight up to twice as many stories as there were in that first hundred rooms. Within a year after the opening, they built the other two hundred rooms. I think they were built pretty quickly, because I think they were completed in 1966. And so that was the three hundred-room hotel-casino that Hyatt bought. They owned some surrounding property, you know, a couple of pieces in fee. Several were under lease and either down Casino Center from the original building or down Fremont Street. Those were

the properties that I told you that we expanded into. We didn't acquire anything else. We just expanded into those properties when the expansion was done when Dave was there.

And the manager that was there in transition when Dave first started was Tom?

Tom Callahan, and he was one of the principal owners. He had a larger percentage.

So he was the operational manager?

Actually, a guy named Ben Goffstein, I think, and a fellow named Art Hamm may have owned a higher percentage than Tommy owned. Ben Goffstein was a longtime gaming figure in Las Vegas, but my understanding was that he was very well known and well respected but was out of the old, old, old school. He came out of Kentucky or Ohio and came here and had been prominent at the Riviera and several other places. He got together with others and built the original Four Queens Hotel, and Tommy was a partner.

Art Hamm owned the ground or had the right for a lease with an option to buy the first hundred feet that the casino was built on, and that land was leased to all this group of twenty-two. So they really didn't buy the land. They bought several pieces of land, but they didn't buy that main land. That was Art Hamm's land that he leased. And of course the father is dead now, but his children now are recipients of that portion of land rent that the Four Queens pays, and that escalates each year. I shouldn't discuss the numbers, but they're unbelievable now. And of course, that's one of the things that I think anyone buying the Four Queens or looking at it as a long-term investment has got to some way or another resolve—the problem of the land leases. They all have escalation clauses, and they all just keep going up.

And are they revenue-based escalation clauses or just time-based?

Just time.

That kind of thing was common in northern Nevada and is still a business-restrictive

condition. It's hard to do business with small footprints that are all broken up into individual leases with high But in southern Nevada, that's not typical on the Strip, because you could buy huge pieces of land and put together the whole package. Even Steven Wynn and the Golden Nugget managed to buy out everybody.

That's right.

And he owns all that, right?

See, there had been a different kind of ownership at the Four Queens, and it should have been done without ground leases some way or another. I don't care how you do it. You get it done.

Whatever the price was, it would have been worth it.

Absolutely. I mean, now I really feel as though it's a very big detriment to anybody really thinking it's a long term investment until that's resolved.

And how many lease puzzles do you have on there?

Well, there's the Hamm lease and two or three others. We leased the garage from the city, and we leased the land for Casino Center from Otto Westlake's family. And all of them have escalation clauses in them.

This is a really critical business thing. There's no way to move the property. There's no way to force the leaseholders to free the property, and so the logical outcome could be that the business could end up going under completely, because it can't

The land rents would get so high that it wouldn't be practical.

Yes, and there is nothing anybody could do. Nobody could stop the process, except the people with the leases could say, "We'll tear these up, and we'll rewrite new ones that make more sense." But they're probably the only

ones who consistently have made money over the years and continually make more of it.

Exactly.

Steven Wynn's approach to the problem of land leases and the complications to businesses, particularly with escalating fees over a period of time, was

Well, my memory of all of this was that he bought everything. He bought all the land that he could around him, and he went out and cut deals. He made deals and bought the land that he built additions to the Golden Nugget on. There was one piece of property, which was on the southwest corner of Fremont and First Street, that was held under lease from Art Hamm. I don't remember whether it had one hundred-foot frontage or just fifty feet, and then it went back to the alley. Steve wanted to buy that property from Art Hamm, and Art Hamm had a price on it that Steve didn't want to pay.

Steve said, "Art, you were on the board of the Golden Nugget when that lease was made

with you. There's a conflict here. You've got to accept a price that's reasonable."

Well, Art refused to do it, because Art was just as tough and hard-headed as Steve. So I think Steve just said, "Well, then take your property." They ended the lease, and so Steve cut Art out of the Golden Nugget. At that time, Steve had a bingo hall down there, and he had something else, maybe a bar or something at that end of the casino. He already owned that whole block, so he just cut the area that Art was leasing to him right out of his casino. Art Hamm then took the property and opened one of those little clubs on Fremont Street. Again, a little slot place that probably had a table or two and a little bar at the back, and his son ran it. Well, it never was any huge success. They called it the Friendly Club. After their feelings had calmed down a lot, Steve and Art must have reached an agreement for Steve to buy it.

I'm sure it was a lot easier reaching an agreement in that place. [laughter] Probably had a taste of reality.

			Lady Luck				
Plaza	Las Vegas Club	Binion's	Fremont Hotel				Ogden Ave. El Cortez
Main St.	Golden Gate 1st St.	Golden Nugget Casino Center	Four Queens 3rd St.	Fitzgerald's 4th St.	S. Las Vegas Blvd.	6th St.	Fremont St.

Properties on or near Fremont Street.

[laughter] So they reached an agreement.

A lot of hard work and no money is what he had at that place.

Yes. Steve bought the property, and that's where their wonderful buffet is located now. They did an outstanding job with it. It's kind of interesting, but it's a difficult situation, and I don't know what the resolution is. It's very hard for the Four Queens to look ahead at these escalating payments and face how you're going to live with them, how you're going to make money with them, and also to search for a solution to it—trying to work it out with the landowners. It'd be tough to do it.

In 1972, Hyatt purchased the Four Queens hotel and casino through its newly created Elsinore subsidiary, and Dave was made president of the Four Queens. We moved our Hyatt Lodges offices from the Ventura Boulevard address in California to Las Vegas. At the Four Queens at the time there were 300 rooms, and there was about a 15,000 square foot casino.

The casino occupied that first 100 feet of Fremont Street and then went back deep and housed the restaurants and all the back-of-the-house facilities, and the room tower was above the public area. It was a 300-room tower. The Four Queens, at the time that Hyatt bought it, either owned or leased the next 200 feet and had it under its control. There were stores there and other things that were not part of the Four Queens casino, because the Four Queens casino just occupied that 100-foot frontage on Fremont Street.

The casino was approximately 150 feet deep. It wasn't a square—it was oblong. So we had 15,000 to 17,500 square feet. But the Four Queens, or the company, had control—either through lease or ownership—of the next 250 foot pieces of land. They were leased to tenants, like a jewelry store and a trinket store.

There were T-shirt shops and souvenir shops?

Souvenirs, yes. Dave began to develop some plans, at least on paper, of ideas that he had about expanding the casino down that next 100 feet. We'd add quite a bit of new space to the casino, and the back part of those 200 or 250 foot pieces would be used for backup things, like a lounge. We were adding 15,000 square feet, almost doubling the size of the space we had.

We had a lounge on the second floor where we had the coffee shop. Now the coffee shop is down those stairs where Hugo's ended up being.¹ We had a lounge and a little snack-food area on the second level. We called it the mezzanine level, and it overlooked the casino. There was a bar up there. Then we made a lounge and bar on the main floor in the 100 feet that we added on to the original casino. We were actually doubling our area to 30,000 square feet.

Dave began to try to gather some costs and estimates about what it would take to build that. I can remember Dave having discussions with the Hyatt people about whether we should put in footings for a tower above the new, expanded area and developing costs to do that and finding that it was very expensive to put in footings to build the tower. We weren't going to build any more rooms. We didn't need more rooms, but we wanted more casino area. So it ended up that they discarded the idea of putting in the footings for the tower—which I regretted forever and ever and ever, but the decision was made not to. So the casino was simply expanded just at the ground level without the footings.

After Dave died, I went ahead and negotiated and got the last fifty or one hundred feet of the block, and that was our final expansion on Fremont Street. Then we did more going back toward Carson, which was the first street parallel to Fremont. Eventually we ended up with the whole block, but we had to work on it in pieces. So the expanded casino opened in 1975, I think it was. The construction went relatively fast because we were just building a very simple addition to the Four Queens, but it took a lot of managing to keep the casino open and operating while we had all this construction going on. We learned a lot more about that

as time went on. At any rate, that virtually doubled the size of the casino. We probably added a great many more machines than we added tables, ratio-wise.

But this is still pre-carousel time. You haven't started the dollar machines yet?

We haven't gotten to that.

You're still doing just nickel and dime and quarter slot machines.

Yes.

And you probably had, in the original casino, three hundred slot machines or so, and you probably went up to five or six hundred?

Yes, we ended up with about six hundred in that expansion, yes. We doubled the number of slots, but it would have taken more space to double the number of table games, so we probably went in with fewer table games.

Did you have two separate pits or did you just expand your pit?

No, we just expanded.

So, probably, your old pit was somewhere in the neighborhood of twenty games or so, and you probably went up to thirty or thirty-five?

Yes. We ended up with forty-five.

Forty-five. So you did probably come pretty close to doubling your pit then, too.

Yes. We ended up with forty-five table games—roulette, the big sixes, and crap tables and blackjack tables. With the next additions we added a lot more slot machines, but that is how the first expansion happened. Things were pretty good. The place was making a lot of money—more money than Hyatt ever dreamed of—but Dave saw a way to make it better. So we were going to add things that he and others believed would create that additional bottom-line profit, which is what

we were looking for. So that building was done, and that was completed.

We went on to bigger and better things, because the casino instantly absorbed that space without missing a beat, and then pretty soon, the revenues were double. It didn't take long. That was really great. Hyatt thought this was the greatest thing that had ever happened to them, because hotels were good moneymakers, but they'd never seen anything like the money casinos could make. So it was interesting to watch their approach to it.

Did they think at that point about other casinos?

Well, when Hyatt decided that they wanted to buy the Four Queens, they paid cash. They paid \$17.5 million with no terms. They just bought everybody out. So they let us stand that way, and I think it was probably when we got into the expansion that Hyatt decided that they would get their \$17.5 million back. So they needed to take out a loan to repay themselves the money they'd spent on the Four Queens plus the expansion.

They started to look around, and Parry Thomas² was the only bank that lent money to casinos. Don Pritzker [of Hyatt] was already dead. Jay Pritzker probably had met Parry Thomas, but that was about the size of it. He didn't know him, and we really never established any kind of a relationship to base a loan on. The friendship kind of thing was the way that Parry lent money, and we didn't know him on that basis.

So Hyatt was thinking, "How are we going to get a loan on this place?" Well, the *only* lender in the whole world, it seemed, was the Teamsters Union. So, of course, Jay said, "We're going to go to the teamsters and get a loan."

Well, Dave went, "Oh, my God."

And Jay said, "Don't worry about them. They will never, never bother you."

Dave says, "I don't know. We certainly hear a lot of stories around here." I can remember these conversations.

And Jay said, "Don't worry about it. We've borrowed from them." They had borrowed to buy a hotel they owned in Palo Alto, and they

bought another hotel with a teamster loan, so they'd done some business with the teamsters. And Jay said, "They don't come around if you make the payments."

Dave said, "OK." Jay had been right about most things.

So that was all right, but when they heard it was a teamster's loan, the whole street talked about it. "Oh, my God!" There were going to be teamsters running all over. The good end of that story was that we never saw a representative of the teamsters until years later when they got in trouble themselves and they began to have some of their loans go bad, but *never* did we ever hear from them. Oh, we did make the payments, and it was a reasonable interest rate. It wasn't outrageous.

So the money was borrowed, and by this time, the property was doing so well that Hyatt decided that it could support a \$30 million loan, not the \$17.5 million that they originally put into the Four Queens. So they recovered quite a bit more out of the loan. [laughter]

During the discussions and the negotiations about the loan, the teamsters said, knowing the Hyatt background and all, "Hey, we've got a property on the North Shore, Incline Village at Lake Tahoe, that we want to do something with. We'll give it to you. We'll assign a \$20 million value to it and only charge you 6 percent, and none of that will be payable until sometime in the future. And if you need fix-up money, we'll help you with that," and all kinds of things. "Please just take a shot that will clean us up again." And of course, as you probably guessed, that was the King's Castle at Incline.

That was Nate Jacobson's . . .

Quiet demise.

What did happen to it?

Well, the stories that I heard were that as fast as the money came in the front door, it was being wheeled out the back door in wheelbarrows. Those are the kind of stories that we were told when we went up there.

Because he was promising New Jersey he was going to come in with a huge project—\$600 million or something—and then he ran afoul of licensing in New Jersey?

Oh, yes.

And then, suddenly, he was broke in Nevada, and somebody was gone. Was it closed when Hyatt came in?

It was open, although only a few slot machines were operating in order to keep the license alive at that location. The hotel was closed, everything was closed down except these few slot machines. So Hyatt came in, and they agreed to take the property with some kind of caveat that if it didn't work within a certain period of time, they would be paid in whole for anything that they'd spent on it. They were not going to be a loser here in any way, shape, or form, but they would give it a shot. This is my understanding of the deal, at least, but I wasn't part of the making of that deal.

Were you on the board?

Oh, no. This was in, I think, 1975. The Hyatt people, first of all, sent their own design people for refurbishment of the rooms and to look at the restaurant meeting areas. It was all hearsay to me. Dave was part of the planning, but I never was. Hyatt intended to open it as a convention hotel, where they'd have small, community-size group meetings, so they were looking at the food-and-beverage and meeting-room facilities along with doing the rooms over and building what was needed.

The plans went forward and the refurbishing was done. There was no additional building done, but the buildings that were there were used—meeting rooms and a ballroom and all of that were established within the existing building.

Then there was an area devoted to the casino. Now Dave and some of the people from the Four Queens planned the layout of the casino and helped select the people that were going to run it. They were involved in the

casino side of it, because it actually ended up being Elsinore licensed at that location.

Would you explain the Hyatt-Elsinore connection?

At that moment in 1975, when all of this was done, Hyatt was the parent company. It was a publicly traded company with probably twelve million shares outstanding. Jay Pritzker was the principal stockholder of the company, so we can use Hyatt and Pritzker interchangeably. When Hyatt was private [later on], Jay owned somewhere between 20 and 25 percent of the stock. At least he or the family trust owned that much.

He was the president of the company, and they had a board of directors. Joe Amoroso was on that board, as were different businesspeople from Chicago who were friends of Jay. Survivors of that board, I know very well. One was a guy named Marshall Bennett who's a real estate developer all over the country, a friend of Jay. The other was Julian Levi, and he was a young attorney who had been very prominent in Chicago in doing a lot of urban design and planning for the city. He taught at the University of Chicago and was a very well-known guy in the field of urban planning and development. So he was a very, very bright guy and became a good friend. He was a nice man, as was Marshall. So I got to know them fairly well, because they survived when the . . . Well, I won't get into that story. When Hyatt went private and Elsinore became a public company, they joined the board of Elsinore, but that's a couple of years down the road. So that was Hyatt at the time.

Elsinore was formed as a wholly owned subsidiary of Hyatt to be the Nevada company to buy the Four Queens and also to look over the landscape in Nevada to see if there were any other gaming opportunities. Now the Incline Village property was Hyatt's second gaming opportunity, and although Elsinore was taking on the ownership position of the company from the teamsters, I'm sure Hyatt guaranteed it.

Who was the first manager up at Tahoe? Do you remember?

The guy that I remember surviving and being there always after was Paul Morazzo. He was a real wonderful guy, out of the old school. He grew up in the Harrah's organization, and he just retired recently from being the casino manager at Tahoe.

At the Tahoe property, Hyatt really took care of the rooms and all the meeting rooms, so it had all of the benefits of being a Hyatt hotel—the reservations, the selling, the marketing, the convention and meeting rooms. All of that was included in the package. For the Four Queens, it was not, and I'll explain why in a second. But the Hyatt up at Tahoe included *everything* that Hyatt did as a Hyatt. Hyatt Lake Tahoe is what it was called, simply because they felt that including it was beneficial for that property, whereas it wasn't necessary for the Four Queens to be known as a Hyatt hotel.

Then Elsinore's license was on the line. We had input into the selection of the casino manager and the people that would run the casino and actually be responsible for what went on in the casino, the controls that were in place, and the accounting which was done. Elsinore had a management agreement with Hyatt to manage the hotel, and Hyatt received a certain percent of revenues *or* a percent of the operating profit which was defined; but that's the profit before the interest and taxes and things like that. Their fee for running the hotel was described in the management agreement.

We paid them, but the earnings and the results of the Hyatt property became part of Elsinore's earnings, and this was consolidated in Elsinore's report. At that time, it really didn't make any difference, as Elsinore's earnings at that point in time were still consolidated because we were a wholly owned subsidiary consolidated with Hyatt's earning. It was not a publicly disclosed report, so nobody in the world could look and say, "Oh, this is what the Nevada properties did." It was just consolidated. The two Nevada properties were the only places in the Hyatt chain that had casinos, so that was shown, but otherwise, you couldn't really pick out the operations of the two properties from the Hyatt consolidated, public-company report. So that's the

relationship. And Dave was president of Elsinore.

So he was the president of the operating company that was operating the casino at Lake Tahoe, too?

Yes. So that's the way all of that was set up. It was kind of tough going with that property in the beginning. The casino business was seasonal—certainly, nothing like we were experiencing in Las Vegas. There were a lot of different kinds of problems up there than we had in downtown Las Vegas, so it presented another operational puzzle for us.

It was fine. We weren't losing a lot of money, so we didn't exercise any of our rights under the agreement with the teamsters to give it back to them. We hung onto the property, and I think Bob Maxey said at one point, "What can be so bad? What can ever happen to somebody who owns five hundred feet of beachfront on Lake Tahoe? What bad could ever happen to them?" And I guess that's right, you know, because the property value itself was going to make up for almost anything, unless you were losing a ton of money. Anyway, it was a beautiful property. It still is a beautiful property. And that's the teamsters story.

Through the teamster loan, we did take on another property, and that's how we got our second property in Elsinore and got Hyatt more involved in gaming. They were now principal stockholders and signing on the loan up there. They became more of a player. At any rate, that's how we got the teamster loan and how Hyatt got its money back out of the Four Queens.

Elsinore showed Four Queens as a wholly owned subsidiary and also reflected Hyatt Lake Tahoe as a wholly owned subsidiary. So when Dave died, I became president of the two gaming companies—Four Queens, Inc. and Hyatt Tahoe, Inc. I was the key person and the license holder. But I'm getting ahead of my story. I became president of Elsinore when David died in 1977.

When Elsinore became a public company in February of 1979, and I'll get into that later, the board of Hyatt appointed Joe Amoroso as president of Elsinore. We went on a road show and raised money, as a matter fact. That was

one of the things that we did. We went out and raised some money to supply the equity money for Atlantic City.³ Joe was president of that company. Jay was on the board. I was then appointed to the board, and I became a vice-president of Elsinore. Julian Levi, Marshall Bennett, and Frank Lorenzo—the former president of Continental Airlines who took Eastern Airlines to the fights with the unions—were on the board. I guess that's about it. I can't think of any others. So that's Elsinore as a public company.

That was . . . ?

In 1979.

I want to get a more complete portrait of Dave from you: who he was, his life, because he was such an important part of your life. Tell me about Dave.

Well, I guess I should start with a physical description. He was six feet tall, a blue-eyed, handsome, distinguished-looking man. He was a classic perfectionist in his dress, style, spoken and written word, and manners, and then, in caps, *patriotic* to the core. He had a great love of country, a terrific memory, and loved American history. He was fierce in his political beliefs and commitments, had a fabulous, dry sense of humor, a quick wit, and was streetwise, very bright, creative, and a wonderful storyteller. He could entertain people with the way he told stories. My timing is never that good. I can tell the same story, but nobody would laugh. Dave would tell the story, and he'd have them all laughing. So you know, it's a question of timing and the inflection of your voice and the way you put it across.

He loved the arts, loved to have a good time, was private about his youth and his history before me. He talked a lot to me about his experiences in the marine corps and not so much about violence or death or anything but more about what the discipline had taught him and some of the things that I think those who have been in the service feel they may have taken away. He disliked intensely having

somebody tell you exactly everything you ate, you wore, you drank, you did—having *no* ability to control your life. That's why he counted down the seconds when he got out, because that was oppressive to him.

What rank was he?

He ended up being a chief warrant officer in the marine corps. Barbara said, about her father, that he loved women. He was a man before his time in that he was not threatened by successful and intelligent women. Rather he applauded and helped nurture and encourage people in all acts of excellence. He was the real definition of a male feminist. Then Jennifer, who was my next oldest, or five years younger than Barb, talked about him in a very eloquent way. She's a good writer. She said: "As I consider the question of who my father was, my first thought is: to the core of his being, he was a patriot. Dad considered being an American his deepest honor."

I've referred in our conversations to how much he helped me and supported me, and even in his death, he left me such a great legacy of the respect and love of all the employees there at the Four Queens, which he built over five years. They really cared about him, and they were willing, as part of that caring, to . . .

They knew me as part of him but not as their boss—as a guy who was going to pay their paycheck the next week and become the person responsible for the success or failure of the property. They had no idea of whether I could or I couldn't do that. It's a kind of blind faith that comes into play then, because everybody was very much afraid when Dave died that there would be changes.

That was certainly in the time when if management changed at the top, everybody had a crew that they brought in. They had people that were their friends, people they believed knew how to do various things in the casino. So whoever they might choose would bring his own group with him who knew (or whom he believed knew) and understood the business. They did it for a variety reasons, but they brought their own people in. And so, of course, the employees there were terribly afraid of that. I heard that talk all over the place from people who were close to me and

would tell me that there was speculation. I think the employees thought, "Well, at least she was part of him, and we liked him, and we believed in what he was doing, so let's give her a chance." I think that was probably how I got their attention in the beginning, had them listen to me or think of me as being able to lead them.

Your daughters talked about Dave as being patriotic. How did patriotism manifest itself in his daily life? Why would they have thought of him as being patriotic?

I don't know why they have that sense about him being such a patriot. It's his emotion when he heard "The Star-Spangled Banner" or "The Battle Hymn of the Republic." He always stood at attention and had that kind of sense . . .

In the late 1960s and early 1970s, when Jennifer and Barbara were amongst kids who were burning flags and going without bras and things like that, he abhorred that. And I know that made an impression, particularly on Jennifer, because I think she would have been out joining that group. I think that he really talked to her, because she was really troublesome. She just was out trying everything that she could, and she detested parental rule of any kind. Her behavior was often so bad that you'd say, "Well, we should just not provide a home for her anymore," but you'll never do that to a girl. You might to a boy. You might say, "Hey, hit the road. Your behavior doesn't allow you to be in this house," but we never did that. And Dave and I'd take turns. I'd be the good guy, and he'd be the bad guy and the one raving and laying down the law, and then we'd change roles.

Did you talk about that and consciously say, "You go ahead and rage today, and I'll go out, and I'll be nice to her afterwards."?

Oh, yes, yes. [laughter] I can remember the nights I would drive, knowing some of the places that she might be, and going out and looking for her and never getting any sleep and wondering, "Oh, my gosh," and then, getting her home or having her come home and then being so furious.

And he'd have to come in, and certainly he was disappointed in how she behaved, but he'd say, "Let's talk about it and sit down." Because I was just irate and emotional about how worried I was about her.

You know how you react when you lose your child in a store? And you take your fear, your frustrations, your anxiety over this out on the baby when you find them. "How could you do that?"

Your daughters both described Dave as being a feminist or as being a man ahead of his time. Why do you think he was? In the first place, it appears that you had an incredible amount of dialogue about life. The two of you talked about business, children, everything in detail, not in a way that we traditionally think that men communicate. And the other thing is that he supported your daughters in the way that he obviously supported you. He helped you, supported you, so that you could build a career at a time when that certainly wasn't the norm. Why was he like that?

I really don't know. It was just the way he was.

You painted a picture of who Dave was, and your relationship. The next one now is the city. You had first come to Las Vegas sometime in 1970 or 1971 with a motel. When did Dave die?

June 1977.

In June of 1977, what was Las Vegas like? What was the Las Vegas that you inherited?

The Union Plaza wasn't completed. I think it was under construction. Otherwise, the street actually looked very much like it did before we put the Fremont Street Experience in.⁴ The Golden Nugget only occupied probably a quarter to a third of that block. The Four Queens occupied a quarter to a third of the block. The Fremont, I think, extended the whole length of the block. They had the garage built, but they didn't have that other

corner that fronted on Ogden and Third Street. I don't think they had that corner. They may have been a total of about three quarters of that block.

Next to the Horseshoe was Del Webb's, the Mint. Now, what was on the corner? I'm trying to remember if there was another casino next to the Mint. I think it went to the corner, but I'm not really sure about that. Then across the street where Sassy Sally's is now was some other slot-joint kind of thing, and then several of those along that side of the street. Then there was the Las Vegas Club, which was Mel Exber's place. And it probably had the same footprint then as it does now. He may have acquired some land going down Main Street, because they were on the corner of Main Street and Fremont Street. So they may have acquired land going down the other direction, down Main Street.

The Union Plaza was under construction. Frank Scott was building it. Then across the street was the Golden Gate, which I don't think has expanded or acquired any more property. I think they looked then like they do now. And then again, some low slot operations. On the corner of First Street and Fremont was just a little slot club, and then across the street there were slot clubs going to where the Golden Nugget began. They occupied a quarter to a third of that lot.

When we say "slot club," for that meaning, it's different than when we say "slot club" now. Now it refers to an organization, and this would have been a casino.

Yes, just a little one. All they had were slots . . .

They were all called clubs then.

. . . and maybe some snack-food-type thing. And they served liquor.

That was a critical time, because you described how Dave was probably the first one downtown to put a carousel in. Those carousels eventually dominated those small, little slot clubs, which became dollar-carousel places.

That's right.

But at that time, they weren't yet.

No. They were nickel slot machines. Probably nickel and quarter slot machines in those places. Oh, yes.

And the character that they developed by the mid-1980s as being very aggressive and noisy and loud with people shouting out into the street and doing all the carousel stuff had not evolved yet.

Not yet, no.

Later, they just became pawns for the big people who thought, "Well, how can I buy this to expand?" But at this point, they were as much a force

They were the growing business, yes. I would say almost all of them were operated by the people that owned them.

Model of operations, and they'd be a typical storefront, twenty-five, thirty-five feet wide with maybe fifty, one hundred machines in there.

Fifty to one hundred machines, yes, just lined up on the wall. I think they mostly gave away booze but had drinks, and several of them might have had a snack service of some sort where they sold hot dogs and coffee. But probably none of them really had a place where you sat down to eat in any way. You ate on the run, or you'd be able to get something. It was just a whole string of little clubs like that.

And you were somewhere between two miles and a thousand miles from the Strip, depending whether it's philosophically or geographically. What was the Strip like in 1977?

The Sahara was there. The Thunderbird, Desert Inn, of course, the Algiers. It's still there, as a matter of fact. It's next to what used to be the Thunderbird, which is all boarded up now.

The Algiers is a motel-type property. In fact, before we had any Hyatt Lodges in Las Vegas, we would stay at the Algiers when we'd come here for swim meets.

Then you go on, and the Riviera was in the next block. After the Riviera, all that stuff belonged to two co-owners, Fred and Ed. They owned all that ground, and there's several motels that were there. One is still there behind where the Peppermill is and where that mini-mall is, going out to Convention Center Drive there. Cross the street and the Stardust was there, of course. Going up the other side of the street, Stardust, Slots of Fun I think Jay Sarno had just finished Circus Circus about that time. And then it went up to the Desert Inn and the Stardust. Both of those were there, and then there was the Silver Slipper, which is where the Mirage is today, and also Treasure Island. And then you've got Caesars Palace, which was a relatively new property then. The Dunes, of course, was in full swing. I don't think the Jockey Club was built yet.

The Aladdin, across the street.

The Aladdin was there.

The Flamingo, of course.

The Flamingo was there. I think, even in those days, the Aladdin wasn't born yet. It was the Tally Ho or whatever it was called when it was first built. It was called the Tally Ho and then became the Aladdin. So in the early 1970s, it might still have been the Tally Ho.⁵

MGM was there.

MGM was opened in 1973, so it was under construction. Oh, not in 1977. In 1977 it was there. Yes. In fact, I'm mixing dates. The year that Dave died [1977], the MGM was open and had been for several years. The Barbary Coast was not there. There was a motel on that corner next to the Flamingo, and then on up street there were some motels along there, no Jockey Club, no Polo Club, whatever it's called—you know, the high-rise that's there now. That property was being built, maybe not as early as that. That's now the MGM property,

but it was owned by Tom Weisner, and I think it was called the Mariner.

The Marina?

The Marina, yes. Yes, the Marina was on that corner. The Tropicana was open.

And then the Hacienda?

And the Hacienda was open, yes.

So one of the characteristics then would have been that Las Vegas still had a desert theme? In talking about the downtown properties, you'd given the number of hotel rooms for each one. In general, the range was between one hundred and four hundred with the exception of Union Plaza, which was under construction and would have a thousand.

That's right.

You thought Sundance had about six hundred.

Yes. The Sundance wasn't built until the early 1980s. I'm sure it opened in 1980 or 1981, so it wasn't on the street in 1977.

On the Strip, although some properties had five hundred rooms, most were in the one thousand to two thousand-room range.

Yes. There were many more elegant, upscale kind of properties on the Strip. They catered to table-game players, people with considerably more money than the people that came downtown. And I think one of the things that you were interested in was the clientele. We might get an employee of General Motors—one of the guys that worked in the factory—or a cop. They were our kind of people.

From where?

Oh, from Los Angeles. And you can just copy that throughout the Southwest. In downtown Las Vegas, we were drawing our customers from all up and down the whole Southwest.

How old were they?

Most of them were in their forties to fifties, many retired people, many ex-cops and ex-General Motors workers—those kinds of people. Those were our customers. Those are the people that occupied our hotel rooms.

And up on the Strip, every property would have three or four restaurants, lots of variety, the live entertainment we talked about.

Yes.

We missed the entertainment. You were talking about Wayne Newton.

Wayne Newton was really the Sands in those years, and Frank Sinatra made his comeback, because he retired once. I think his comeback was in 1974, and he made his reentry into entertainment at Caesars. Then Dolly Parton wanted some outrageous sum of money to play, and everybody said, "Oh my gosh, you're going to break the bank." [laughter] I can remember us as operators saying, "How can the Riviera," for instance, "be able to pay somebody like that *that* much money?"

But that was the stage that did have her.

That's right.

The small room. The entertainers charged so much, the casinos couldn't afford them.

That's why it died.

More and more of the stage productions replaced them.

Yes. Those stage shows became more and more the thing that hotels would do, because they just couldn't pay for the individual performers. The cost of a folly show like that is in building it and producing it, and once you're past that, the operation of it has got to be a lot less expensive than paying these guys—a new one each week—\$200,000, \$300,000, \$400,000 a week. I think that was the price in those years.

So there was one big-name entertainer at every Strip place, except for the Stardust, which had reviews even then.

Yes. The Stardust had the follies. In fact, they were the ones who first brought in something like that, I think.

And there were, I think, four or five of those review shows. But everybody else, it was still the big-name entertainers. But that was the golden era. That was the end of . . .

Big-name entertainment.

Nobody recognized it at the time as being the end of it, but everybody began to ask the same question you had. "How can they afford that?"—whether it was Dolly Parton or Ann-Margret or whoever the person was.

It was so expensive that we, as downtown operators, wondered how the Strip properties could continue to meet the prices as they began to increase so dramatically for these entertainers.

Do you remember the difference in the average daily rate for your hotel downtown as opposed to the Strip?

Yes, I remember it very, very well. When Dave became the president of the Four Queens, we had signs out on the highway that read "Every room, seven dollars," and that was Tommy Callahan's greatest marketing. He thought that was just wonderful. He had lined the highway wherever he could between Los Angeles and Las Vegas with, "Seven dollars. Every room at the Four Queens, seven dollars." And that's all the sign said. "Every room at the Four Queens"

And down on the Strip at that time, the rooms would have been what?

Oh, I would say around forty bucks.

Forty, fifty, do you think?

Yes.

Did Dave change the rate immediately? Because you guys recovered it.

No, not immediately. [laughter] But he did. He began to put in place a ten-dollar room rate, if you can believe that. A ten-dollar room rate, and we had that for a long time.

Did you do weekend rates? Did you raise your rates for weekends?

We didn't for a long time. We kind of followed Tommy's lead. We might have even said, "All rooms ten dollars." I mean, that might have been the first jump that we made. But all of that "All rooms" thing was totally foreign to Dave. One thing that I think: both Dave and I are good listeners, and we want to research things before we do them and not just impulsively jump out and say something, because all markets are different. We knew that. And so you had to approach this thing with some kind of thought before you just jumped in and the day after Dave became president put signs out on the highway with the three-dollar increase: "All rooms are ten bucks." I know he didn't do it. I'm sure it wasn't until a year, probably, after he became the president.

So this would be an example of him thinking through an issue.

Right.

You would know you wanted to get to yield management, that someday you'd want to have flexible rates and the higher occupancy you got, the higher rate you'd charge for the last few rooms and all of that.

Right.

But you can't get there immediately, so you have a long, slow process to do it.

And you had to do it in stages. You'd work up to it, because, of course, you have got a customer base. I mean, we were at 100 percent occupancy. You just can't suddenly make this swoop of three dollars and expect that you're going to remain at that occupancy. So you

have to *begin* introducing it and making the customers understand why you're doing it. I know by the end of the first year, Dave had probably jumped in with a ten-dollar rate and then began to get into weekend rates and having some rooms that were different rates.

To finish the picture of Las Vegas, it sounds like downtown really was focused around slot machines, with the exception of the Horseshoe, which has always been unique and special when it came to table-game wagering.⁶

That's right. [laughter]

But slot machines were the main event downtown.

Yes.

And it was at the beginning of the dollar-slot era that revolutionized the industry.

That's right.

In the next three years, the whole industry changed radically. It took ten years for the Strip to get to the same place.

If we look at revenues on the Strip today, I'm sure that they're mirroring what we're doing downtown. I should say they're doing what we were doing three or four years ago, which was like 65 to 70 percent slots and 30, 35 percent table games. And that was the way the revenues broke out in the casino.

Yours weren't quite there in 1975 at those ratios, because the majority were nickel, dime, and quarter slot machines.

Quarter slot machines.

But with the advent of the dollar . . .

That revenue mix changed dramatically, excellently.

And so you really were on the leading edge of managing. OK. Now we kind of have a picture of Las Vegas and, hopefully, a picture of Dave

and what he brought to the company and what he brought to you, in a sense. Now, I want you to tell the story of Dave dying. He was only sixty years old, active, healthy.

Yes. In fact, he had just turned sixty in May. He had not been sick, never really ever had anything that would make you think He'd smoked pretty heavily but had given it up years ago when the first talk surfaced about this not being good for your health. I can remember it was in the beginning of Hyatt Lodge days, like in the early 1960s, so he hadn't smoked for years and never cheated. He gave it up and that was the end of it. He wasn't one of these guys that kept going back to it like I did several times, but he really gave it up. He had trouble in the beginning. It was sporadic for, say, a few months, and then he really gave it up, and he never smoked after that. So that was not a factor, and he never had breathing problems nor a shortness of breath and all of the things that are beginning signs of heart conditions. He didn't have pains that he ever talked to me about, and I think he would have said something, because he was a pretty practical guy. If he felt that, he'd go to the doctor. He wasn't going to walk around feeling terrible, and he didn't feel terrible. He was a reasonably active guy.

We lived in Sierra Vista, which is a gated community—a nice development.—and when we went out there, we were like the only thing in the landscape for *miles*. It was just a group of people who had gone out there and found this land and just began to develop and subdivide. It was subdivided in close to acre lots, most of them. That was kind of unusual because the lots that many people were developing, even in the mid- to late-1970s, were much smaller. So that was kind of an attractive thing about the area.

I think 120 people finally lived within that community. It was surrounded with a bridle path and fence, and we had a community stable. We didn't have any horses, but many of the people that lived there did and then would ride on the bridle path, and they'd ride their horses around inside, too. It was really a fun community to live in. We loved it. We felt very safe there, rode our bikes around, and



Dave and Jeanne at a Hyatt executive meeting approximately two months before his death.

walked a lot. For the years we lived there it may have grown from 70 homes to 90 homes, and I think the ultimate build out was 120 homes. That kind of gives you an idea of the size of it. It was a fun place. So we'd ride our bikes around or do something after dinner. It was just fun and a way to exercise, and I guess probably, it was good for us. [laughter] I don't know.

So, that particular evening he and I were going to go for a bike ride. Just as we were about to walk out the door, Barbara called, so he said, "Oh, you always talk to her so long. I think I'm going out. I'll just go out for a ride." So, he went off, and I continued my conversation with her, and usually it went on for fifteen minutes, a half an hour. I don't know.

So I never really even thought about it. I just thought he was out on his bike ride. I guess when it was pushing eleven o'clock, I was beginning to wonder what happened to him. Who did he run into? Whose house is he visiting? And then there was knock at the door. It was a policeman in uniform, and he had a wallet, and he showed it to me. It was Dave's wallet, and he said, "Does this belong to your husband?"

I said, "Yes."

He said that he had found him on the side of the road inside the complex. He said, "I don't know what has happened. I'd suggest you call the doctor." So I called Bob Buckley, who was a personal friend. Now, I suppose if we had sore throats or something we went to him. He's a general practitioner. So I called Bob, and he came out and went to the site. Then he came over and talked to me and told me that Dave was dead and that it was from a heart attack, he thought, but they did an autopsy. That was what it was, and that's about all anybody can say.

So I didn't say anything to the girls [Patty and Joyce]. I let them sleep that night. I mean, why wake them up? I can't even remember if I called Barbara and Jennifer, because neither one of them lived here. Jennifer lived in Oxnard, which is west and on the ocean from Los Angeles, and Barbara lived in Los Angeles, in the west end of the valley. I must have called them that night. They were both up there the next morning. So I must have called them right after it happened, then I told Patty and Joyce the next morning. But I don't think anybody came over or spent the night with me or anything. I can't remember. But then Barb and Jennifer came the next morning.

You said earlier that it probably didn't even register.

Yes, it was just kind of a shock. You didn't go around in motions. I don't think I was sobbing or crying or carrying on. I don't think I was anything. It's really strange that you don't remember. You think that you'd remember everything that happened, and I don't. But I can remember then that we had to go and choose the casket, and what did I

want? I'd made it clear from the beginning that I didn't want to see Dave, that I wanted to remember him the way he was and that I didn't want an open casket. I didn't want it open in the mortuary or anywhere else. I wanted people to remember him like the last time they saw him. He and I had never talked about things like that, but I just made these decisions. I can remember doing that and saying, "I just want the casket closed." So we went to the mortuary and chose a casket. I can't even remember a lot about that, but I'm sure Barb and Jennifer were helping me.

We went through usual visitation hours at the Bunkers'. The funeral home was downtown on North Las Vegas Boulevard. Three days later, we had the funeral, and I had to decide who the pallbearers were to be and who was going to give the eulogy and who was going to do the service. We really didn't belong to a church here. The person who officiated was a Protestant minister of some sort.

Skip Friend, who was Don and Jay Pritzker's brother-in-law, was the president and CEO of Hyatt. He had become president when Don had died in the summer 1972, so actually, Dave had worked very closely with him through the years from 1972 to 1977 when he'd been in Las Vegas. So Skip came. He was really a great public speaker and did a wonderful eulogy of Dave. And then friends, people that I knew, like Tommy Callahan, Glen Neely, and Joe Amoroso. Several of our friends from Los Angeles came and were the pallbearers. Oh, my gosh. The turn out was unbelievable. I think we had six, seven hundred people there.

Did you speak?

No. And all the girls were there. Barbara was divorced by that time now, so Pete wasn't there, but Jennifer was still married to her first husband, and he was there. They had a baby by then, but Leigha was just a baby, so she didn't come to the service. Our many friends from Hyatt and from everywhere that had

come to be at the funeral came to my house. Then all the nice ladies and friends and people that I'd known were over at my house. They just took over and brought the food and set up a bar. There were just quantities and quantities of food, and all these people came and visited and seemed to stay forever. I can remember the service was in the morning. There were still people at my house at six o'clock at night, but it was wonderful that there was that kind of outpouring of love and caring for Dave. So that was how it all went down.

Then the next days after that were kind of a haze to me. I don't remember a lot about it. The next week or so I probably didn't go to the office, and I don't know if Barbara stayed, because she was pretty much involved in her job, in what she was doing. So I don't know that she really stayed, but Jennifer did.

Notes

1. Hugo's was the gourmet restaurant that was added to the Four Queens during remodeling in 1974 or 1975.
2. E. Parry Thomas was a banker and real estate developer who partnered with Jerome D. Mack to form the Thomas and Mack Company, an asset management firm.
3. In 1981, Hyatt, through its Elsinore subsidiary, entered into a partnership with Playboy to build and operate the Playboy Casino-Hotel in Atlantic City.
4. The Fremont Street Experience was a mid-1990s development project in downtown Las Vegas. It involved covering a number of blocks with a canopy that presented an overhead, digital light display set to music.
5. The property opened under the new name "Aladdin" in 1966.
6. The Horseshoe was run by Benny Binion. Binion's policy was that the casino would take any wager and would give the best odds.

TAKING OVER THE BUSINESS

Not long after Dave died, Joe came up to visit me for a week, and said, "We don't know what we're going to do about who's going to run the Four Queens. What are we going to do?" He was fussing and carrying on, and we can't decide about anything. I can't think of anybody that I want there, and Skip doesn't have any ideas and is really upset about it.

Then he said, "You know, what do you think about it? Do you think you could do that? Would you do it? How do you feel about it? Are you going to stay in Las Vegas? What are you going to do?"

I said, "Well, I've been thinking about whether I should stay here. And actually, I love the community, and I love our house here, and I don't think I want to go back to Los Angeles, because I really feel more at home here than I did there. The house I have here is something I love." I really did love our house and our home. So I said, "As far as I've gotten with my own thoughts, I think I would rather stay here."

He said, "Well, would you consider it?"

And I said, "Let me think about it. I don't know. I don't think I could make a good decision about it now." So anyway, he went home, and another week passed, and he came back out.

By that time people were beginning to surface who wanted the job. I guess it was Joe

who was talking to several people who had come in, and I probably started going back down to my office by then, best as I can remember, so then Joe and I would spend time together. And he said, "Well, have you thought about it? I mean, do you think that you . . . ?"

I said, "Well, I think I could do the job, but that board of Hyatt wouldn't want to appoint me."

He said, "Well, Skip and I talked about it. We're certainly considering it as a possibility." So he said, "You better make up your mind, because we want to start talking about it if you're willing to do it. But you've got to decide whether you want to or not."

So I said, "You know, I don't know, but I think it's probably the best thing I can do." I don't know why I said that, but I guess I just thought maybe it was intuitive or just something inside of me.

And clearly, you weren't motivated by financial considerations. You still had a job.

Oh, yes.

So when you made a choice, you made a choice for what I would think are the best of reasons. You can look at something and say, "This is the right thing for me to do." You weren't

forced into doing it, other than thinking, "Well, I need something to do as a person."

It was not something where I felt that it was a have-to or that I was going to starve or not have a house or that something awful would happen to me and my family because I wasn't working, because I did have a job. Sure, there was an end to that in sight, but not for ages, eons. And Hyatt had established some decent benefits for the people that were in the positions like Dave held.

And you'd had a little business before. You guys had a little income.

Yes.

I'm assuming that you guys had investments. [laughter] You weren't destitute by any means.

No.

So your decision at this point was not based on need. I think it's important, because oftentimes, when people take jobs like that, is it power that motivates them to that? What motivated you to do it?

No, it wasn't.

Need was not a motivating factor, and at this point, I think power's not one of them either.

No, because I wasn't particularly looking around for something to be that for me. No.

This was fulfilling Dave's legacy. Was there anything about doing something in Dave's honor that was a motivator?

I had a great sense of pride about what he'd done at the Four Queens. I really felt like he brought a new and different culture to the Four Queens. I can remember when we first got there., nobody ever seemed to have their families around the Four Queens. You kind of didn't have a family. I mean, you were Mr. So-and-so, and you were just sort of out there. Most of them were chasing women all of the time, and they weren't . . . I can remember we talked about it.

So every year from 1973 on, we had a Christmas party at our house, and we invited all of the executives from the casino, all the department heads, and it was like a family Christmas party, and everybody brought their wives. We didn't invite children, but we were all there. And I just thought that was a nice thing to do, to show that we wanted to meet their wives or husbands. It was a different thing, because Tommy never did anything like that. Nobody ever thought of doing anything like that. So we always had—until the year I left there—a Christmas party at my house, which was nice. I really enjoyed that. I thought it was fun. People looked forward to it. It became a tradition.

And, of course, everybody said, "Well, are you going to do it now that Dave's gone?"

I said, "Of course, I am! I'm not going to stop doing this." And I continued having the parties.

I was very happy and proud of what Dave had done at the Four Queens. I thought he'd finally established something that was really kind of a lasting foundation to build off of. I felt that the people there had that feeling about him and brought a new dimension to the management, and I think we were different than most of the properties downtown, in terms of having that kind of management. We made the people feel as though they were part of the group and that they had a place and that they were important and they really counted.

Were there any sacred cows? Sometimes when you take over somebody's legacy, it's hard to think about everything in an open way, because some things become sacred. They become sacred, because it was this person's belief, and even though times change and everything An easy example is when a new coach takes over the Forty-niners and he's got Joe Montana, and it's time to get rid of Joe Montana. How many years is it before he can stand up and [grunts] say . . . ?

[laughter] "Joe, I think it's time for you to go."

Yes. It's not likely from what you've said that Dave would have created people in there that

weren't functional over a longer period of time, although that happens, too, as the company grows. Some people just don't have the ability to grow. But operating philosophies that worked in the hotel business in the 1960s and then worked in the casino business in the early 1970s, by the mid-1980s might not have worked. So it's something to think about.

Oh, yes. I did reach a time, certainly not in the beginning, but in the 1980s, definitely. And when you say sacred cows, I think that Dave would have felt the same way as I did, but there was a time when I had to change. I think I got so immersed in that whole operation, the ownership of the Four Queens, the feeling that this was now my company, that by the mid-1980s I had long gone past thinking about that.

I'm trying to get a sense for what kind of person Dave was that people would have, first, understood the relationship between the two of you and assumed that you would know what he knew or were capable of doing what he did, and secondly, that they would have assumed, because of him, that they wanted you to do it.

Well, in the several instances that we've just talked about At the Chase House, I worked with him, so they knew me, too. It wasn't like calling up his wife who stayed home and asking her to come over. Also, when the board of Hyatt chose me to take the presidency of the Four Queens, they also knew me from a lot of years of our working together, so they realized they just weren't choosing his wife to do it. I don't know, maybe it isn't as much a coincidence. When you say it the way you did, it sounds that way.

At the Chase House, they knew you as a person, they knew your skills, and they said, "We think she can do this job."

Yes, I think that was part of it.

"And we like her." Even in the Four Queens. You said before that the people welcomed you, that because of the way they felt about Dave, they gave loyalty to you.

Yes, and they did, but they'd seen me. And when I talk about the employees at the Four Queens, I'm not talking about the board of Hyatt who made the appointment. Now, that's a different thing, which I just covered. But the employees associated me with him, so there it is exactly, "Well, he was a great guy. His wife must be just as good as he was." Although many of them knew what I was doing, that I was part of Hyatt Lodges. Some of them knew the properties which I bid for in town, so they were aware of something about my background. Not what kind of boss I'd be, I suppose, or how much I really knew about the business. You make some assumptions. "Well, if she does this, then she might be able to do this." And I think some of those people probably did that.

What kind of a personality did Dave give the Four Queens? What parts of his character or parts of his thought process did he give to the management of the Four Queens that would have given it a personality? Steven Wynn is an obvious one when you think about what he gives to a property. What did Dave give to the Four Queens?

We talked about customer service—trying to find out what the customer wants. Everything from how your casino looks, how your people treat the customer, the services that the customer wants. He was always researching and really focused on what the customer wanted. That was his way. Of course, it had to be thought through. I mean, it had to be cost effective, but you did as much as you could to build that relationship with your customers and to have that run all the way through down to the guy who opened the door at valet parking to the people that clean the rooms to the customers that were in the casino. And he really focused on that.

Did he do the training or organize the training himself?

No.

But as a drill instructor in the marine corps, he knew something about training.

About how to communicate and how to get this message to the people and to the employees. Tom Callahan was the guy who ran it before Dave did, but Dave brought, I think, a more modern approach to employee relations than Tommy. Tommy's was kind of an old-casino-mentality relationship, and Dave's was a much more visionary idea. Visionary—a good word for that. But he had a real feeling that people had to be treated equally and had to be treated fairly, and what was good for one had to be good for everyone. He thought those kind of things through.

A guy like Tommy Callahan, you know, it was whatever struck him at the moment. I mean, if it wasn't fair to Mary in the cage, but it was OK for a pit clerk, that was all right. He made that decision, and that was the way it was. And it might have been exactly opposite the way he was treating the other person; whereas Dave would think it through and be very sure that whatever he was saying or however he treated people was equal. People were not being favored and not being given special considerations.

Was financial management one of his strengths? You guys had a lot of experience looking at detailed financial statements.

Yes. He had a sense, although he was not as good with numbers as I was. He knew about trends, and he knew how to look at things, but I certainly knew a lot more about reading a financial statement than he did. He was really good with trends and procedures—how to implement procedures and making sure that the components were there.

You and your daughters all give Dave credit for being creative. How would you see creativity in the Four Queens of 1975, or whatever year you started there?

Actually, it was 1972, but Tommy was still there. In 1974, we completely re-did the casino. Dave chose the way it was going to look, and it was exactly opposite of what everybody else on that street had. He did not go to the traditional dark wood and the plum colors and the way casinos used to look—the old dance-hall look.

Steven Wynn, within a few years after that, redecorated Lilly Langtry's, and it was very dark wood.

With the Four Queens, Dave went to lighter woods. He chose beiges and tans and that kind of thing—not white and not real light, but it was certainly a departure from what all the other casinos looked like, and that was his vision about it. And it really was very well received. We went through the remodeling, and we did the whole casino over, all the way from the ceilings and the walls to the carpet, and we probably even changed the color of the tabletops. Dave was creative.

One of the things that he did, which I continued . . . Si Redd was beginning to sell his dollar machines around the countryside, and we were the first one to have a carousel on Fremont Street. We put the first carousel in. We had it right up near the door, and all the numbers were just out of sight! And so Dave had the courage to go ahead and keep putting more in, just watching the numbers to be sure that we weren't diluting what we were doing. This was not long before he died. So when I came along, I continued the same process of putting more dollar machines in, because I could see that they made an entire difference in the numbers in the slot department.

And I can remember Leonard Marxen was the controller and an old-time guy. Wonderful man, but he really doubted what Hyatt was doing when they gave me the title. I'm sure he sat up there and thought, "Oh, what's the world coming to now?" [laughter] We ended up being best friends, but oh, God.

I told him, "Leonard, we're going to put in another carousel. Get the check ready." Because we were buying the machines. [laughter]

"[gasps] Jeanne! You don't know what you're doing! Dear God! You can't spend money like that!"

I said, "Why not? Look at the numbers. They keep getting better. Believe me. I'll stop when it doesn't happen."

He retired in 1983, and he told me many times in those years, he said, "Well, you were sure right. You were doing the right thing." That was a big concession, because his attitude

toward women Oh, oh, oh, terrible. I mean, he wouldn't make bad advances to women, but he treated them like they should only be at home. They were OK as long as they're working for him, but boy, they better not even look up! They better just sit there and pay attention to what they were doing. He was a *real* taskmaster. But he would never make inappropriate advances to them. I don't mean it in a sexual way. I just wanted to define it for you so you wouldn't have an idea that he was one of these heavy-breathers who was hanging around trying to seduce his workers, because he wasn't. He was very much a gentlemen. In fact, he was a pretty elegant guy, really, and not at all that kind of person. But as far as he was concerned, women were good for bookkeeping and fine so long as they just sat at their desk and did all of that. I'm surprised that he and I got to be as good friends as we did.

Did your husband promote women? Because your daughters say that he certainly was

He put in the first women dealers. And then, "Now, I'm going to really wake everyone up," he said. "I'm going to make the first female foreman, and to make it even better, I've got a black girl that's *great*." [laughter]

And he did it self-consciously.

Oh, yes.

He did it with an awareness that his peers were going to be annoyed at him.

Yes. Yes, he did it.

Did he have much of a relationship with the other people downtown? Did he talk?

Oh, yes. It was during the time that he was at the Four Queens, before he died, that the Downtown Progress Association was established. The mayor became a good friend of Dave's—Oran Gragson. I forget who the players were, but there were several: the Fremont guy and whoever was running the Golden Nugget and the Horseshoe. Mel Exber, I remember, was part of that. Italo Ghelfi was

at the Golden Gate; Frank Scott. They all got together with the mayor, and they planned out the Downtown Progress, and Dave was part of that group. In fact, the year he died, he was the chairman of the organization, so he was very influential.

Was corporate citizenship something that you encouraged in your partners in Hyatt? Was that something you'd learned through the years?

Hyatt was learning that. We'd certainly encouraged, during our time with Hyatt Lodges, all of our partners or managers to become part of civic scenes, to get to know the people of the city, to get to know their fellow businessmen. We felt that that made a lot of sense for the health of their business, to become part of whatever the activities were that everyone did, because it's just another way to be visible. It's a way to put your business out there and have people recognize it as being a business with a good guy running it while at the same time becoming part of the community.

There was another thing, too. For a community that's good to you, you should give back to it in whatever way you can. And I certainly believe in that with what I'm doing now. Las Vegas has given me so much, I want to do as much as I can to make this the best kind of city that there is.

What was your first day as president like? And it may not be actually the first day, but you haven't ever run a casino before. And you walk in there, and you've talked to Dave all along about what's going on, but you haven't actually been reading the reports he read daily. You haven't had to make the decisions he makes. You don't even know what decisions he was making on a regular basis. You haven't had the staff meetings with him whenever he had those. You haven't appeared before the board of Hyatt to explain the monthly or quarterly financial statements. All brand new to you, and you walk in there and some way you've got to unravel the thread of his management style through what's left lying around for you and figure it out. Before you

ever get to be what you're going to be, you have to figure out what's there. What was that like? What did you do? What were the problems?

Well, I'm the president of Elsinore until that February date in 1979. The board appointed me as president after Dave's death [in 1977], and they said, "We're going to give you help." They had several names like Leonard Marxen, who was our controller or the chief financial officer, if you will.

It's an important thing that it was controller, because there wasn't any casino company then that had a chief financial officer.

No.

It wasn't elevated at that level of importance.

Yes. He was the controller, and Charlie Stump was the casino manager. And another fellow that Dave had made an assistant casino manager of sorts was Bill Kozloff. Jake Kozloff was his famous brother. You know, I don't know whether it was famous or infamous, but anyway, Bill's a very nice, gentle kind of guy and certainly nothing like his brother, whom I met but have never had any dealings with or knew anything about his business tactics. I've only read about them.

And the Kozloffs were involved in . . . ?

Bill was working for Dave at the Four Queens.

But his brother, Jake, was associated with . . . ?

Jake Kozloff, with others, had built a casino in Aruba, and I think he was refused a license here in Nevada because of his associations and past business partners.

I think he was one of the original partners of the Hacienda, unless they refused the licensing that he and Cliff Jones were going to . . .

Yes, and then they went out of the country.

Where people ask less questions.

Yes. Anyway, Bill Kozloff was the younger brother and a very personable guy. Bill was sort of an overall, PR kind of person. He and Leonard and Charlie were all to be named vice-presidents of the company. and they were to become my assistants, and I should rely on them and use them and make them work for me and become my advisors—"My guys." So Skip and Joe kind of gave me my marching orders that you make *these* guys *your* guys. [laughter] Whatever that means or whatever that takes.

This is very much like being a new coach for the Raiders. You're the coach, but I pick who the players are, and you go make these players work.

Yes.

How does that feel?

Well, I was kind of surprised, but I didn't think it was terrible. And of course I knew Charlie, and I knew Leonard and Bill—probably Charlie and Leonard better than I knew Bill. But I was now dealing with them in an entirely different role. I was a different person to them. Really! You have to kind of adjust yourself. So Skip came to town the day that they made the announcement publicly that I was to become the president of Elsinore.

What was the date?

August fifth or August sixth. It was the first part of August. We had the press there, and we had Leonard and Bill and Charlie there, these people designated as my advisors. I had my support team. Then after you have this little press reception where that announcement was made, we had all our department heads come to a meeting. We didn't have any meeting rooms, so we met in the restaurant, but we had them all come and sit around the restaurant. We had a mike and stuff, so Skip told them that I was to become president.

There were a lot of funny stories about people making bets about whether I was going to have the job or not and all that kind of speculation, but that was fine. I wasn't

offended by it at all, and I didn't know whether I was going to be the choice or not till probably a week or two before it really happened. So then all of that's taken care of, and Skip told them all that he felt that I would be as good a person to work for as Dave and a little bit about me and his relationship with me and knowing me and that I was going to have all these people as my support team. Then I accepted it and said I was honored to have been selected and that I really looked forward to working with everybody and that I knew most of them, and I did.

These people were not strangers to me. I knew them as Dave's wife, not as their boss, but they were still not strangers to me. I had an impression of what their capabilities were, because Dave talked about most of them to me, so I had a pretty good idea. At least it was his feeling about them, his opinion about them, that I had to rely on, which was a help, because as you can tell from my discussions, I certainly valued what he thought about people and what his opinions were.

That was my first day, and then I think that I went around, not that day, probably, but the next day, and really sat down individually with Charlie, Bill, and Leonard and talked about how I hoped that we could work together. I really felt that there were a lot of things in the casino and that area that Leonard was working with that I wanted to learn more about.

Let's talk about what your first month was like now that you have this job and you have to get your hands around it and understand what it is.

As I told you before, the three people that were my support team were appointed to me. I knew them all in an entirely different way, as Dave's wife and as a person that had nothing to do with their work, their jobs, their security, and the rest of their lives, and I had to now get to *know* them. So I had to make myself sit down with them and really begin to have those kind of conversations about their jobs and how they saw themselves in the organization and what they believed they were doing and how they had felt about a few little things that had gone on in the past and what they thought

could be better. I tried to solicit their views about a lot of things and the people that worked for them and certainly made some notes but not a lot. I have a pretty good memory, or I did have. It's not as good now. But I could remember a lot of it, so I didn't sit around with a notebook and take voluminous notes and then transcribe them or do something with them.

I also thought it was important to become a visible person in the casino. I didn't just sit in an office somewhere. I walked around a lot, talked to people all over the hotel. I had people lead me through the counting process and what the controls were and how it was done, because I realized very quickly that the cage was the heart of your business in the casino, and everything went through there, both money you were taking in and money you were spending or giving away.

So you had to assure yourself and really try to understand the process and why people felt the controls were good and what they were doing. And, of course, I was terrible. I didn't have the dexterity to count, so they would look at me just a little bit for some of the physical side of that. I was not particularly good, but I said, "I've got to go through this and make myself understand what this is about." It never occurred to me to get into learning how to deal a game or to stand around the crap table and decide what each person was doing. You see, I decided in my own mind—and this was just my own feeling about it—that I'd better trust the people, and that I couldn't know everything, and that I had to trust somebody in that pit, because there was no way that I could go and stand around or be the eye-in-the-sky, the casino surveillance.

Oh, that was another thing. In those days, we didn't have camera surveillance. We were walking around on little catwalks above the casino. [laughter] I learned all about that.

Looking through one-way mirrors and that.

Yes, that's right. You covered your whole casino that way, particularly the table games. At that point, nobody was watching slots the way we got around to doing, but all we were doing was watching the table games. I don't know. I think Tommy thought that he could

look down there and he could tell any bad moves. I knew that I had to spend my whole life in the midst of those tables, and there was no way that I was ever going to learn that.

So I had to rely on the people that I had around me and determine for myself their honesty, their loyalty, their allegiance to the company and then, eventually, to me. They had to be there, or it wasn't going to work. I had to get to know those people. Looking at my job there, it was knowing that I had to count on those people, and I'd darn well better have the right people there or be sure that we made some changes or did something different if I didn't feel a trust in them that they belonged to the group. That was particularly so of the casino people and the people who ran the slots.

As I described to you, I realized very quickly—and knew, I think, even before I took this job—how important slots were and how much money we were making and were going to make off of those machines. It seemed to me like this is a no-brainer. I know that's a trite term, but it's a no-brainer. These slot machines are just the answer to everything. [laughter] Look at all you have to do to win that money off the tables, and look how easy it is with the slots. And these slot machines were a new approach. Because I didn't grow up in the business, I looked at it quite differently, I think, than many. The guy that was running the slot department was one of my first targets to really get to know. Unfortunately he didn't come out as being king of the hill. I really didn't have a lot of trust in him. I didn't know what he was about, but he reported to the fellow that I told you was the casino manager and a vice-president who had been appointed at the same time.

And the casino manager's name again is . . . ?

Charlie Stump, and he was a very nice man. I knew his wife, of course, and his kids. They were grown. He had been around probably a lot of illegal gaming and then ended up coming to Nevada. He ran a casino in Montana and Idaho, and I don't even know if they were legal. I know in Montana and Wyoming when I was working in Yellowstone

that those casinos were there by local option, with the county or city forbidding gaming. Finally, I guess, the states said that you can't have it, but there were some of those that I suppose were quasi-legal. Maybe they weren't exactly legal. I don't know enough about the structure of the state government to know. Anyway, Charlie came to Las Vegas.

And he had been at the Four Queens for how long?

Well, when the place opened under Tommy Callahan, Einer Abramson was casino manager, and he held that title for a long time. In fact, I think when he knew that Hyatt had bought the hotel, he handed in his resignation, so when Dave was to come on board, he walked out of the place and never did come back. I don't remember ever seeing him or meeting him. He was a part of the crew.

So when Dave came around, Tom suggested someone that had worked for him before and who also came from Tommy's illegal background. Tommy had worked in Steubenville and on the river in Kentucky at places that I guess weren't legal. I don't think there was even a question of being locally legal. I guess people turned their heads, and those places ran. But they tell funny stories about how they ran away when the police came and how they'd go out windows and things that really, really sounded like somebody had written a book about it. [laughter]

But anyway, Tommy had this fellow that had worked for him back there, a fellow named Jim Garrett, and so Tommy suggested to Dave that Jimmie become casino manager. Now Dave didn't know anybody or have any better ideas, so Jimmie became the casino manager. Jimmie went on to really distinguish himself here in Las Vegas, but Dave didn't see him as a good leader in the casino, because he felt that he was easily influenced. He didn't make a decision on his own and was kind of a fence-sitter. He wasn't one of the guys that Dave really relied on.

After Jimmie left the Four Queens, he went to the Flamingo, and that was the turning point of the Flamingo Hilton. He brought downtown mentality to the Strip. He turned

that place into a downtown grind joint and lived off of Caesars and the MGM and those surrounding upscale places and really made the Flamingo a huge, huge success, which it stills enjoys today. It's lost a lot of that, but it was so apparent when you walked in there from the number of slot machines to the way the games were set up and the way the games were dealt, you know—a zillion two-dollar games, very low-limit crap games. He really brought the whole downtown mentality to the Strip, and he became one of the most respected executives in the whole Hilton organization. That certainly showed that you could make a wrong guess or have a wrong opinion about something.

Without judging him, Dave didn't feel comfortable that he was right for Dave's team.

Yes.

That's simple enough. He can still be very talented.

After Jimmie left, Glen Neely became Dave's casino manager, and Glen later left when the Kerkorian organization was reopening the Cal-Neva. They asked Glen to go up there and become head of the North Shore property, so he went up there. He and Dave were very, very good friends, but it was a great opportunity for Glen. Then he went to the MGM.

So your husband's first real choice for casino manager was Glen Neely.

When Glen resigned, Dave appointed Charlie Stump casino manager, and so that was the man that I then had inherited. Dave felt very good about him—his honesty, integrity, and his allegiance to the company. He came with those kind of credentials when I stepped up to the plate.

But it sounds like you reassessed that.

I did.

You wanted to know for yourself that you felt good with him.

That's right, and I wanted to get to know them so that they knew that I was there then. I don't mean to say that I forgot anything that Dave ever said to me, but I knew I had to carve out my own ground with them and have them respect me and feel as good about me, hopefully, as they did about Dave. I had to get to know people on a different basis. So you have to get down to the real facts of how things are run and how you feel about the different people that are working for you, how you feel about the structure under you and why you think it's right or why you think it's wrong or what can be different about it.

Can we get some specifics about that structure? Because structures evolve over time.

At that particular moment in time, I was finding out: How many pit bosses do you have? How many floor men do you have? What tables did they cover? How long do you have the dealer on and off the tables? Of course there were huge discussions about the betting limits on the tables and why they're right or should be changed. Should it be different and for what reasons?

The issue then was with the betting limits. That would be risk management. The higher the betting limit, the more your liability is, and the lower your minimum bet, the wider the spread. And your liability is huge when you don't have the bets to support that, and it grinds you.

That's right.

And about that time, the dialogue was really beginning to surface about card counters, and the industry didn't know much about how to deal with it.

No.

But the dialogue was surfacing. So this risk management was important. As an outsider, how did you evaluate that?

I was getting into whole new territory. [laughter] I didn't know about it, and I had to get Charlie to begin to teach me what that meant. If the Golden Nugget had a higher limit on a blackjack table, why didn't they have a higher betting limit? I'm not sure now I can even remember the numbers, but why did they allow a \$2,000 bet while our limit was \$1,000? So I had Charlie explain, and of course, he did. He said, "Well, you've got \$2 tables, and we want to have \$2 tables, because they're the kind of customers we have in here. And that's what we like."

And the \$2 table, the minimum bet was \$2. Whereas if the \$2,000 bet at the Nugget were the upper limit, probably their minimum bet may have been \$25?

I'm not sure, but they were dealing to a higher roller, if you will, or to more premium players than we had.

And in those days, we measured or we talked about people by their credit limit. How much money was available to them was a way that we described that. So we said this was a person who had \$5,000 or \$10,000.

And we could establish that. We could check the bank and do those kind of things to verify that he had that kind of money available.

Did you go into the credit department, and did you go through every department this way and try to understand?

Right. I wanted to learn how Charlie interacted with the cage.

Did Charlie set the limits?

He was setting the limits, yes.

And did you review those?

No. I can't remember the numbers now, but I left in place whatever was in place. I was walking in. I just wanted to understand why and then go from there and see how I worked with it or whatever changing conditions there

were out there on the street. I think we did make some changes. Of course, we did. Your market changed if you tried to upgrade your customer base.

OK.

Is that right? If you try to upgrade your customer base, you've got to give those customers the kind of betting opportunities that they're looking for, and is it worth it?

It's usually the other side of your hotel rate. You raise your hotel rate and get it up where it's equivalent to the more expensive ones. Then you have to provide a nicer restaurant, higher betting limits, all that is part of the process?

Yes. That's all part of the process. But then I'll lead you through it. We expanded to the rest of the block, and we then put in what we believed at that time were the nicer services for the customer.

Bill Kozloff was a very good-looking guy. He was very handsome, well dressed, had a wonderful manner about him, and could talk to anybody. He was a great leader and was just one of those kind of people that went out and could socialize until the cows came home and be a good listener. But Bill, as I soon learned, took care of his own people. He had his own group of people that he took care of.

Meaning customers or employees?

Both. Customers, employees, friends from outside that got special treatment.

"Taking care of," in this case, means complimentary.

He arranged a lot of things like credit lines. Because he was the vice-president of the company, he had a certain amount of power. As I worked with him, I appreciated his qualities of being able to deal with the customers, because he did have a wonderful way with them. He could smooth things over and was very gracious and charming in that way. But on the other side of that was that he had his own people that he took care of and

for, in my view, not the right reasons. I think that Bill let people use more credit than they really had a right to use and would figure out ways to make that happen.

He could approve an over-limit, for example.

Yes.

And he also approved their limits. So if they had a \$10,000 limit, maybe they didn't deserve \$10,000.

That's right.

Or if they had \$10,000, he'd let them cash \$15,000.

Exactly, and go over.

Who did collections? How was collections done?

Well actually, he didn't do that. Charlie did.

So they did their own collections. So he was responsible for that in some sense. OK.

Yes. And then, of course, Leonard Marxen, our controller, was the keeper of the records. If he'd had his way, nobody would have had a dime on credit in that place. [laughter] I don't really mean that, but he was light years away from Bill particularly. I soon learned that this was going to be a real good balancing act to keep that situation civil so there would be no open antagonism between them. As Leonard reviewed the markers and looked at people's outstanding debt to the company, he'd say, "There he goes again! There he goes again! He's just going to bury that guy! He's just going to bury that guy!" when Bill would allow the fellow to keep digging in deeper and deeper on the credit.

Meaning that he was still giving credit when they hadn't paid the last month.

Right. And Leonard would say, "He shouldn't have allowed this guy to have \$15,000. He was good at \$10,000, and he

knows he shouldn't. He's going to hurt this man. I can tell you, Jeanne, he's going to hurt this guy."

Did you review the receivable with Leonard every month?

Oh, yes. We'd look at them.

All four of you together, Bill and Charlie, too?

No.

Just the two of you?

I'd get up in Leonard's office and hear his comments.

It is really a traditional conflict between finance and casino. And 1977 was the beginning of the real conflict, because casinos were losing control anyway. Nevada had new internal controls. Finance was becoming much, much more important, not only for internal control reasons, so this conflict over credit was typical of the industry at the time.

Yes, everywhere.

So it was being fought out all over?

It was everywhere, yes. We were not alone.

And whether it was Kozloff or somebody else, every place usually had somebody. Anyway, you were telling that story.

And so we'd have to go over these aged schedules of accounts receivable. I kept very close track of that, obviously. It was an important thing to know and to understand the philosophy.

That would just be a list of all the receivables, the people who had outstanding markers?

And how old.

And how old they were. So it would be a person's name, the date of the marker, and the amount of money?

Yes, and who had given them credit. Yes. That was always there: who had given them credit. Because everybody had to stand up and say, "I'm the guy that did that," including me, because I had the right to do that. I very seldom did anything like that. That was not my business. They were the guys who knew how the person played, whether he deserved it, whether he should have it. They could read just as well as I could what the credit application results were, but more importantly—and this was, I think, the key—how good a player was he? Was he a real player?

I guess that's why I would question some of the things that Leonard would do, because I felt that Leonard wasn't down there on the floor. Those guys on the floor *do* understand what kind of player a person is. That concludes the circle, in other words. You just don't make a decision sitting in your office and reading a credit report and looking at the fact that someone's not paying for thirty days. You've got to figure out, "What kind of a guy is this that's playing? What kind of a player is he? And what are your chances?" Then, of course, you have to evaluate the credit background and use that as a part of the measurement, too.

It's a reward, though, to the players. You described it. That extension of credit is in some way a gift, and the person who's making the decision on the floor is using that as a marketing tool to get the guy again and to generate the revenues.

That's right. The goal was to make him a player and bring him back into the Four Queens and try to keep him a happy camper.

You say "he," but it's a generic term. But also, at that particular time, all of your name players and all of the credit would have been to men.

Generally to men. As time went on, though, in the early 1980s, we began to have women that qualified and became our customers and wanted credit. We were willing to entertain that as well. I mean, we loved it. "Come along. Fill out the application, and we'll decide." So those kind of things were

evaluated. In 1977, I don't think there was probably a woman's name on that list, but it wasn't too long after that that women were getting credit, not just at the Four Queens, but all up and down the Strip and in downtown.

It was a managing act, and I quickly learned that I could stand between them, Leonard and Bill, and not have open warfare. I think Leonard viewed Bill as being just the way I've described him: that he would give credit or favors or comps or whatever for his own reasons and sometimes not for what was good for the hotel. And of course, Bill is sitting in his office, thinking about Leonard, "There's that old skinflint accountant sitting up there in his office. He has no idea what we're doing here. He doesn't know the importance of keeping these customers happy." So you had to run interference on this and yet not side with one or the other, because a certain amount of this was good. So you have to kind of learn how to balance it so that they could get along.

As I remember in looking back, I used to feel that so much of this was time taken that was not productive, but we cut out some of this. You try to keep those kind of feelings to a minimum and not feed that fire and keep people focused, with Bill thinking about, "How can I get more customers? What can I do?" and Leonard about becoming more efficient or doing more timing with the statements or whatever. But it worked out. As I look back on it, it wasn't a particularly difficult situation. I got along, but they didn't really care about each other. No love lost, but I guess that's pretty normal.

I think you started to tell me about making a decision about Bill Kozloff and the organization, and you were using credit as one of the illustrations of characteristics.

I think I've covered it. I knew I had to have a guy like Bill around. He had the poise and the ability to do that kind of a job, so I had to put up with some of the other things that I viewed as shortcomings. And maybe they really weren't. Maybe every guy in that position is like that, or maybe he just took care of all of his friends. I think that was a pretty normal practice in most places, that there was

a certain amount of that favoritism shown whether it was in the best interest of the property or not.

Did you play accounting against the casino in this, too, so that accounting was reviewing the complimentaries, and then you would go back to Bill and always let him know that somebody was watching that?

Oh, yes, and try to have a real oversight of accounts given. There was a certain procedure, and that was followed, and I expected it to be followed.

In 1977, that kind of procedure would have been much less exact than in the world of 1997. There would be a formula for how much they would get in complimentary. But in 1977

There was no procedure.

So, the procedure would have been merely that you filled out the right forms and that you followed it.

That's all. It was procedural.

And you could identify the person's playing, and probably you talked about how much they lost and not how much they won.

Yes, you'd talk about how much they lost and not how much they won, although I quickly learned that you really took care of that guy that won, because you wanted him in your house, and you didn't want him to get out the door. [laughter] You wanted to be sure the next time he came, he was going to come to your house. You really wanted him back.

Now we talked about wagers, but we talked strictly in terms of winning and losing and credit limit.

That's right.

So one guy, you'd say, "This guy lost so much that we need to keep him coming back. He's

having a little trouble paying for credit, but he loses."

Yes. [laughter]

And the other guy, "Well, he beat us. We need him coming back because we don't want to lose that money. We want another shot at our money."

That's right.

So accounting proved to be kind of your balance with dealing with the casino guys, because you couldn't get better than they were at what they did. So you just used accounting to help you

Monitor, because in the end, how your casino treated the customer was your marketing plan, and you were dumb if you didn't realize that. You had to be sure that you weren't inhibiting those kind of activities, because that was our way to our customer. You had to take care of them, but take care of them in the best way that you could for the house, while you still kept them coming back.

It wasn't long after I became president that the slot guy really troubled me. I just didn't feel he was honest. I cannot tell you what he did or said. It was just the way he looked and the way he acted or something. Lo and behold, it was not very long before a security guard followed him. He would walk out of our place and go across the street to the Fremont, and he had his pockets just loaded with silver dollars. He'd go over there and turn them into currency. So we followed him. We got him, and he was history not very long after I was there. He was one of Dave's trusted employees. It's hard for me now to think why Jimmie Garrett or Glen or any of them would have believed in him. In fact, he was one of Tommy's picks—probably had a point or some damn thing in the place.

Is it possible that sometimes it happens that he becomes so annoyed at the change—that Hyatt sells, that Dave's gone, and a woman's in charge—that's just his response to the thing?

It could have been.

He becomes different than he was for them?

Yes, could have been. Although the whole stature of the guy just told me that there was something. I didn't believe him.

You would have met him at Christmas parties and all that through time, and you've always felt that way?

He had a charming, lovely wife. No, I never cared about him really. He just had that look. In fact, I'm sure I talked to Dave about it. He was not one of my favorite people. He just had that sense about him. Maybe he'd never stolen before he walked across the street that one day and somebody began to be suspicious, but he kept on doing it. It wasn't just a one-shot thing, because he was watched, and he was carrying that money over there. We never prosecuted anybody. We just told him to hit the road and hoped that nobody ever called for a reference on him. Although somebody did, and I said, "Well, all I can tell you is I would not rehire him."

So how did you solve the problem? Now you need a slot manager.

Now I need a slot manager. One of the things that I like to do is to promote from within, if you can, rather than go out and bring new people in. I'm not saying that you should never do that, because there are times when bringing a new vision in really can change how your whole business is operated. But I think the people that work in an organization need to see that if they step up to the plate and take some responsibility and show a desire to learn rather than to just put in the hours on the job, that you can teach those people how to take on more responsibility, become a more productive employee, and really realize some of their dreams. I knew myself that being recognized for achievement was one of the sweetest things that could ever happen. I felt that, and I was sure that everybody else in the world felt that, too.

I *still* do believe that being recognized for your desire to learn and your willingness to give up your time and not be looking at the clock should be recognized. If you're not wondering who you're going to meet tonight and talking with your pals around the job site about how soon you can get off and how much less work you can do if you get somebody else to do it. I realize that's what many people do, but I never had a work ethic like that. I think from the get-go I wanted that recognition. I wanted to be known for caring about my job, whatever it was.

Did you find somebody in-house who could do the slots?

There was a fellow that I appointed, and he was the slot manager until he retired.

What was his name?

Jack DeBorde, and he turned out to be a really good choice. He was absolutely 100 percent. Well, I appointed him, so he should be, but he was 100 percent for the house. He gave willingly of his time no matter what I asked of him or wanted from him. I never saw anybody else do this.

Not long after I had him, I said, "Oh, I wish I knew what the machines were doing," or, "I wish I knew what was happening." So he'd draw a map of the casino, of each machine number, and from his weekly reports he put on that map what each machine was dropping—the money we counted out of each machine. It was such a help to look at that and to plan where you should put your machines. We began to know the hold percentages on different ones from that map that Jack designed and drew for me, and that was early on. That was probably in the late 1970s. We began to develop a real sense about our slot machines and where they were, and we had some interspersed with those that had a higher payback than others. All these kinds of strategies that you know and I know, but when you first get into the business, you have absolutely not a clue.

In that time, you dealt with the same thing you did in the pit. Now they talk about

handling the coin in [the amount of money going in to a slot machine]. Then you probably didn't even do coin in yet. You were probably just getting ready to start putting meters on, and you just dealt by drop [the money that came out of each machine].

Yes.

So the amount of money that you counted was your only measurement?

That's right.

And not always a valid one about the level of activity.

No.

And you looked at that weekly. He got a detailed report, he got by machine how much money, and he put it all on a map for you. Then did you meet with him weekly to go over that and talk about it?

Oh, yes. We talked all the time. I really latched on to those slots. I was just so sure that those slots were going to end up being key. As it turned out, of course, they did.

Did you meet with the pit department as often?

Oh, yes. I wasn't up in my office a lot. I was down there, because that was the business I was running.

I was going to ask you before, when you started doing your interviews to find out what people were doing and whether or not you could trust them and what they knew and what they could teach you, did you go to their office to do it?

Yes.

As opposed to . . .

Them coming up to my office. I rarely held meetings with everybody—big group meetings. If I did hold a meeting it was on a very important thing, because I preferred being

down there in their office. I'd meet Charlie in his office. I'd meet Leonard in his and Bill in his.

So every week the slot manager has the map on the wall, and you go down and go over it and talk about it.

Then he got it folded up so I could keep it with me. [laughter] Oh, yes.

Then you'd talk about which machines were doing better, which locations were better to you.

Yes.

Because this is the time when the carousels . . .

We kept putting in more dollar carousels.

Let's save the carousel story until we get done with the management assessment, but that is the end of the electromechanical machines. We're almost ready to enter into a new era in the slot machines.

That's right.

And we didn't have the information available to make very good analytical decisions about where to put something and which one's performing. The majority of people who were slot managers or slot directors were mechanics—technical people—who were interested in seeing that the machine wasn't being cheated. But they didn't have good information for doing that. So all of their thoughts were mechanical, and they weren't traditionally good people managers. They weren't customer-sympathetic, and they weren't very analytical. Somewhere you had to reach inside that system, and, if you're lucky, find somebody that had all those skills, because three or four years down the line, you were going to need somebody who was a marketing guy and understood how to motivate staff and all of that. How successful were you at that? It was a tough assignment in 1977 to find a guy who was going to be a good manager in 1985.

That's right. Well, that took a lot of coaching on my part, because they weren't there. They weren't thinking like that. They weren't under my roof, for sure, and to grow that breed, you had to coach them and bring them along and make them understand as this whole new world evolved what it was about. Jack was a good learner and very willing to accept. I appointed him, so probably he had a greater allegiance than the others did. He really wanted very much to do as good a job as he could.

What did you see in him that you thought was going to be the right characteristic? How did you find him? Did you interview a bunch of people? Did you post in-house?

He was a floor man. He was a shift manager on the slot floor. You had three or four shift managers. One went around and spelled for the days off, and Jack was the most likely one. He was the best. He certainly was the most articulate one that was there, seemed to have the least employee/customer problems on his shift, seemed to have a greater depth in his understanding of the equipment and the machines and what they could do, and seemed, I felt, to be very anxious to bring on the dollar slot machines, look at new equipment, look at new ways of doing things. I would walk into the other casinos . . . and we always took walks at least once a week, if not more often, just to see what was the minimum, what did they do and not do.

You and Jack did the walk around?

Yes.

Did you ever do any walk arounds with Charlie?

Well, I tried to, but Charlie wasn't too interested. "What do I care about what they're doing?"

Whose idea was the walk around?

Mine.

Because traditionally, Charlie's attitude, when you took over . . . Everybody was internally focused. You talk about changing your customer mix or reaching out to a new market and all of that. That would have changed the limits on the game, but they would have done everything internally focused. They wouldn't have known what was going on on the Strip. They wouldn't have known what was going on in retailing and wouldn't have looked anyplace else for any answer except internally. They would have looked back into history, and I would guess that the first thing that they were interested in was game protection, and that they were always guarding it close and tight.

Oh, definitely. That's right.

You come in as a woman that brings a how-to-develop-business mentality from that first hotel you managed, and you're trying to raise the shades and let some light in there.

Yes.

It couldn't have been easy.

It wasn't, but I was completely consumed with it. I loved it. It was a great challenge, and I really loved to walk around and talk about what everybody was doing and look at the new equipment and see where it was put and look at how many people were playing in various casinos. I learned a great deal from that.

Did you do that with restaurants and with other facets, too?

Oh, yes. Absolutely. We ate in everybody's restaurant, but I'd been doing this since that first hotel—from the Chase House. Can I tell how many cars are in the parking lot or how many lights are on in the windows, or are the shades drawn in everybody else's place? I would be measuring up what I was doing. Very curious about that. I wanted to beat them.

How to beat them!

[laughter] Yes, absolutely. Wanted to beat them. Anyway, Jack and I had a very, very nice friendship and had, I think, a mutual respect for one another. He was willing to listen to me, and he was not nearly as close-minded as Charlie was. Of course, Charlie was a lot older than Jack. That was part of it.

How old was Jack about that time?

Jack was probably in his mid-fifties, forties. And he was, as I look back on it, a very unusual cut for a slot person, because he had a couple of people working for him as supervisors that I would love to have seen leave the place. And Jack kept making excuses for them. Why them? Why, as our world progressed and we began to learn about taking care of customers and having happy employees . . . ?

These guys were the kind that made you hate being an employee. You were an employee, and you probably couldn't bear them. I shouldn't say that, because some of them did have people that felt like they were their father, their priest, everything in the world to them. But it was not a true employer/employee relationship, because I think they gained this allegiance from making people afraid of them versus being recognized for the kind of job they were doing.

Of course, my philosophy was to build that recognition of a job well done, because I felt it for myself. I thought that everybody else would react the same way to being recognized and rewarded. I'm not even talking about in dollars but being rewarded by a compliment, being given more responsibility. To generate those kind of senses in your employees is the way you really, truly build a good organization.

But Jack had a couple of people that you didn't think much of.

No, because they were out of that old system.

But you apparently also didn't insist that he get rid of them.

No, because he kept making excuses for them.

Did they eventually trip over themselves where he had to do something with them?

Yes. He finally had to let one person go, because he was just such a tyrant. There was no way you could keep him around, so he finally had to hit the road. But I have to respect Jack's ability to determine, too. I have to keep talking to him, and if I can't convince him, I have to leave a certain amount of that discretion in his hands, too. You just can't go around and make those decisions.

Did he get better at who he picked and how he trained them over time?

Oh, yes, lots better. He began to get people that were more outgoing and would want to nurture employees. There is nothing like setting an example, as far I'm concerned, and making people believe who you are and what you want. You set an example. You do it yourself, and then if those kind of examples are set for the guys that are working for you, you begin to take on people with those kinds of qualities.

So Jack began to appoint slot floor men that were more customer oriented. They were friendlier and nicer to the people—the change girls and the cashiers, the change-booth cashiers, and all. In 1977, as I look back on it now, most of those guys ruled that whole area from a point of fear. They were real tyrants in the way they treated some of the people that worked for them.

Oh, how I felt about having change people be a union. You couldn't get rid of them, and you couldn't fire them, and they always were at their union's door and talking to their shop steward to come and bring a complaint. And yet, I could understand why these people had been driven to this, because the people that they worked for were so tyrannical. The only way they felt they could get them to respond was to make them afraid of them.

How long had they been unionized? Did that happen somewhere during Dave's tenure?

I can't remember if they were already members of the union by the time that Dave

took over. There were some pretty intense negotiations during the time he was there, as there were with me. We were dealing with a man named Al Bramlet and his sidekick, Ben Schmoutey. Schmoutey did Bramlet's bidding and was probably a pretty good negotiator.

And that was the culinary union?

Yes, the culinary union.

And they organized the slot employees, too?

The slot employees got put into that union along with the food and beverage servers and housekeeping staff and bellmen. That was with the culinary union, including all the cashiering functions and change people from the slot department. The union intercedes for people that—in more cases than not, at least from my experiences here—for one reason or another don't want to do the job that they're supposed to be doing. I feel that that's not fair to the employer. I think that the employer should have the right to interact with his employees without benefit of a business agent, shop steward, or whatever you want to call it. Well actually, the shop steward is a representative of the employees on your property and is an employee here, so it's really a business agent that brings the complaint to the management.

Speaking in this case, I can remember Dave's frustration about finding a change girl who was stealing, and he wanted to let her go. The union interceded, and I can't remember all the details in the case, but we had to keep her as an employee during an interminable amount of hearing time. I know more than a year passed where she was still an employee. Finally they were able to dismiss her, but that was one that brought home again my feeling about the unions being deadly.

And did they continue? Do they still represent the slot employees at the Four Queens, or did they vote it out?

Well, yes, they got voted out, but that's later in my story. You don't want me to start there now. No. That did change. I guess I was talking about why the employees felt driven

to unionize in the first place, and I think that a lot of it was caused by how employees felt about the people that were directing them who were uncaring and ruling them with fear.

And at this point, you kind of concede that that's the kind of supervision that existed in the slot department at the Four Queens.

Which caused the uprising amongst the slot employees not only in our hotel but obviously in many of them and ended up with them being able to monitor union activity that took a hold. They voted it in, but I think that the slot department supervision was such that it was a very opportune time for the union to jump in, because they had a bunch of dissatisfied people that were ruled by fear and not by a desire to do a good job for the employer. And that's very sad.

I wanted to ask just a couple of questions. Keno at that time was about 15 percent of the casino revenue?

Probably, yes.

It was a fairly high number. It's now 1 percent, if anything, but then it was a fairly high percent. Was keno important in your thought processes?

Oh, yes. I thought keno was a great game. You know, it was 25, 26 percent hold for the casino, and everybody thought it was wonderful. We inherited a great keno manager in the process—a young guy. He was wonderful.

He was there when you started?

He was working at the hotel when Dave took over, and then I ended up with him for a while until he decided to go up to Montana or somewhere. He was born there. And I think he was having trouble with his wife, although he was a nice-looking guy that was making a pretty good salary for those days and times. Decided to just uproot his whole family and take them off to Montana. They were going to live up there.

Do you remember his name?

Yes, Jack Crawford. And it only took him about a year to go through all the seasons, and he was back. I'll bring him back into the story later, because he came back to work and asked for a job. He decided to move his family before Dave died, so I guess I'm confused. He was not the keno manager. Jack Cummings, an older guy—I think his last name was Cummings—was the keno manager that Dave had appointed. Jack Crawford had left and come back already before Dave died, and Dave then hired him back.

Dave was having Jack Crawford work in every department. He learned how to deal the cards, he worked in the dice, and that was Dave's program. He was having him go through the whole casino, so I continued that when I came in. I probably put him in the cage. We were just moving him around so that he could learn everything and possibly one day be management, like casino-manager material. He was a good-looking guy, and we thought that he would be good. Dave talked about it, and I continued the process.

But Jack Cummings was the keno manager, and he also was an older man but very dedicated to the property, and he became a team player for me. He was very, very interested in gaming, and it was hard to get him to make changes, but I know I solicited Jack Crawford's help in trying to talk to him, because, of course, Jack Crawford had brought him in. He was a former employee of Jack Crawford's, so Jack could help me influence him. I can remember very clearly when we wanted to computerize not the number selection but the method of taking the tickets and paying the tickets. Oh, what a nightmare! Because, of course, a computer could never be right. Nobody could ever do this—ever, ever do this. [laughter]

What computer system did you try? Do you remember?

I can't remember, but it worked well, and instantly we were running games a lot faster. We were having far more accurate reporting, I'm sure. With payoffs, one never knows, because you don't know how many mistakes

were really made before you put the system in, but at least it seemed that the tickets were being handled in a faster and probably much more accurate way, and that was great. We did try the computerized selection of numbers, but nobody liked it, so I made the decision that we better not continue that. We went back to the balls and the way the game was played and gave up the computer selection of numbers.

In 1972 when Dave took over, the keno lounge and keno counter would have occupied a fairly central place in the casino, with a considerable number of seats and all of that. But as you got into 1978 and 1979 and 1980 when your dollar-slot revenue kept growing, that keno real estate must have looked important to you.

Right. In 1978, I got the remainder of the land fronting Fremont Street—which was fifty feet frontage—through a lease, which was a bad decision on my part. But no matter, I made the decision, and I got the last fifty feet of the block. I leased it from a guy named Finley, and what he had done was to go all over. He did this in Reno, I think he did it in Idaho Falls, I think he did it in Boise—a lot of western cities. He would buy a corner, which this was, and then just sit on it, leasing whatever retail space was there to whoever would pay the greatest amount of rent.

Oh, we had such terrible tenants in that area. It was a real black mark on our block, because they had people in the back room, and they tried to sell people land in Pahrump and then have these really rigged kind of drawings. Oh, it was terrible! It was really honky-tonk. People never felt good about themselves when they came out of that place, and it was on our block. It was on the corner there, so just getting rid of those tenants was, I thought, a great improvement. Then having that space allowed me to expand the last fifty feet to the corner.

Now I won't say that I'm a copycat. Steve Wynn had just put in a keno lounge. I thought it was the prettiest thing I'd ever seen. It was really a departure from what anyone else had done with a keno parlor.

Outdoor greens and whites.

Yes. It was lovely, lovely. Well, I couldn't do greens and whites, but I did something very nice, and then I had a circular seating area in the center, and I thought, "Oh, this is just going to make a keno game, and we're going to be as talked about and as admired as what had been done at the Golden Nugget." That was my goal, and it was really pretty. It was beautiful.

And you put it in that corner?

I put it down at the very far end of the casino, and it looked nice. I told you earlier about when we did this expansion and rehabbed the whole casino look. I went to a lighter wood look—more a walnut—throughout and did some pretty chandeliers and soffits in the ceiling.¹ I can't even now remember what the budget was, but it wasn't that bad. We brought the light level up in the casino, put the new keno lounge down at that end, and removed the cage from where it was down probably twenty or thirty feet. Then alongside that, on the south side of the keno lounge, we put a bar. We put a lounge down in there with kind of a long, nice-looking bar, and the bar went up one side of the lounge, and we had a little stage at the end beside the keno game. We had real cheap, inexpensive entertainment in there—little lounge shows—and just left it all open to the casino.

We got a lot of complaints from everybody. "Oh, you're going to ruin everything! It's too loud! You can't do that!"

And I said, "Well, let's try it, and we'll see. We'll make other plans if it doesn't work, but let's see how it works." It did very well.

And did the keno do better with these cosmetic changes? Did that make a difference in it?

I think so, though probably not so much, really. Not that I felt you could really notice it.

What were the issues with your entertainment and taxation? If you had entertainment that was open, you had to pay entertainment tax on your food and on your beverage that you sold and increase your taxation considerably to have that open entertainment?

Well that bar was where the tax came in. Of course, everything else in the casino was being given away, so it didn't have any effect there, but it did on the drinks that were served at the bar during the time that the entertainers were performing. Yes, we had to pay tax on that.

It caused some people to put walls up around the entertainment then. Drinks that were served out of there that went to the pit, though it was complimentary, you still had to pay a tax on it.

I never did that.

In any case, it didn't affect your thinking about entertainment, but it did some people.

Yes.

The accountant was more powerful in some places than in others, and it caused them to put walls around their entertainment rather than to leave it open like that.

Well, I just thought that it was a good healthy experience to have in your casino, to have that entertainment open. If you wanted to see them, you really had to go inside and sit down in the lounge itself, but you could hear it. You could tell that something fun was happening, and I thought it was a good marketing plan for us, anyway.

And you were satisfied?

So I was satisfied with the effect it had. I also wanted to add rooms to what we had. Sometime during 1978, we had already expanded down to the end of the block. Then in 1980, I began talking with the Board of Directors about building the rooms and making the casino a long L-shape. In the first two expansions it was a straight line, and we just moved straight down to the end of the block.

And you were moving in a north-south direction?

We were moving in an east-west direction. We were moving east. We just kept moving down. Now I wanted to take in the property on Third Street, adjacent to where our building ended—the width of the casino, probably a hundred feet. We now owned the next hundred feet to the alley, south of the existing casino, then I got the alley vacated. (The alley was the separation between a city garage and the hotel.) So we buried the utilities and annexed that land (forty feet, I believe) to the one hundred feet we already owned or controlled. This was the land we used for our next expansion.

What did we have in there prior to the expansion? It was leased to a couple of attorneys for offices, then I had to tell them to get out, and they were trying to fight me and pleading, although they were on a month-to-month lease. They were trying to prove that my asking them to move was causing them harm of some sort.

A nice jewelry store was there, and he just moved out on Charleston, and after he moved I remained his customer. He was a great guy. He took his little jewelry business and went out on Charleston, probably found a whole new world of customers and did a lot better, although he thought the end of the world had come. But he was very nice. Bill Cox was his name.

Dave had talked to me, and I knew that one day this would be happening, so I finally got the attorneys and the jewelry store out of there, got the plans drawn, and got the board to approve the expansion. We went out with a bond offering of \$25 million to build this new Four Queens expansion. I'm passing over Hyatt's going-private, which happened in February of 1978, not long after Dave's death. Anyway, we went out and raised the \$25 million to build the tower, got the plans done, and built it.

I should describe the make-up of the property as it was. It covered about a third of the block. From the corner where the elevators in the casino are located north to the original tower was all casino area, and that was about seventy-five feet in width. Then you went upstairs half a floor to the lounge, and there was a bar up there and some slot machines. You went downstairs half a floor to a fairly

good-sized coffee shop, and both the coffee shop and the lounge were under the tower of three hundred hotel rooms.

This was the original tower and the original restaurant, and the original restaurant was down half a floor and the original lounge is up a half a floor. And when you say "pretty good-size," is that a 100, 120-seat restaurant?

Oh, yes, at least. Probably a little more than that.

One hundred forty?

Yes.

But not the size now, where there's three hundred and four hundred seats?

No, nothing like that, but it was probably a 150-seat coffee shop with a counter. That was the only restaurant service, and then up on the mezzanine where the lounge was, we had fast foods—snack-food-type things and hot dogs and stuff like that. And they had a very good-sized bar up there. So it was in this expansion that I'm *now* talking about . . . I've got to get my facts straight here. [laughter]

When we did the first expansion, when Dave was still alive, he moved the coffee shop from downstairs—the half flight down—to upstairs where the lounge was, and Dave's the one that put the lounge down on the other side of the cage. He built a new restaurant called Hugo's, which was a Hyatt name that they had trademarked. There were gorgeous Hugo restaurants in many of the Hyatt hotels—Chicago O'Hare, the Grand San Francisco, all had Hugo restaurants. So we talked Hyatt into letting us have a Hugo's restaurant, although it was somewhat different. Ours was so successful the way we were doing it. We put in a salad bar, and then at the end of the salad bar, we had a make-it-yourself dessert bar, but then we had table service for a nice dinner menu. We probably seated one hundred people in that restaurant.

Then we put the coffee shop on the second level. We moved it there and later named it Magnolias. It is now called Magnolias, and it became Magnolias for sure, I know, when I

built the new tower. I'm not sure what it was named when Dave expanded for the Hugo's.

We put in a little elevator in the center so that we provided the handicapped access, because by then ADA [the Americans with Disabilities Act] was starting to kick in. We did that in 1981. I'm getting confused in these expansions. Maybe we didn't have an elevator, but at any rate, we walked down the stairs in Hugo's. That became a very popular room. We did lunch and dinner there, and it became a very nice, more upscale restaurant than I think there was anywhere else downtown. The Golden Nugget didn't even have Lilly Langtry's yet. I think they did that after we put the Hugo's in.

My recollection is they built that about what, 1979?

Yes, and see, we took the Hugo's before they did that.

But Langtry's came before the keno lounge you talked about?

Yes. The remodel I'm talking about, when we put the coffee shop upstairs and Hugo's downstairs, was done in 1974, 1975 when Dave expanded down the street—the first expansion. Then the second expansion [in 1979] was when I built the keno lounge at the far end and had that and the lounge.

OK. So now we have Hugo's and a coffee shop. We used that as a real focal point in our expansion when we built the new tower, and we enlarged that coffee-shop area considerably from probably under 100 seats to a 160, 170-seat coffee shop that overlooked the casino, which was very attractive. Then we expanded Hugo's from 100 to 150 seats. We got the \$25 million, and we refurnished and expanded our casino. Now we made the turn—the L-shape—and we were now going north-south. We went south on Third Street to where the alley was that butted up against the city garage, and we took all of that area and made it into additional casino space where we put slots and then made a nice hotel lobby.

In the first go-round all the way until this change I'm just describing to you took place, our lobby for the hotel rooms was on the

second floor. There were three or four spaces reserved in front of the hotel where people would pull up in their cars, run upstairs, and register. And we really didn't have stairs. We had fire-escape-type stairs, or we had two elevators that went upstairs. And so you'd run upstairs and register while your car is sitting down on Fremont Street. Oh God, when I think about this. [laughter]

The valets, of course, would take your car to the city garage, which we used as though it were our own garage. We had to pay the city for every space we used over there, but that was a much-reduced rate from what anyone else was paying. So, the poor people . . .

I said, "Well, how can we improve service to the second floor?" All we had were the two elevators to service a three hundred-room tower, so then those elevators were running up and down constantly. I included in my [1979] remodel plan a less high-speed, glass elevator. It looked so pretty, and it went to the second level to take people up to register. I was trying to alleviate some of the traffic on the tower elevators, because it was really horrendous. It was under-elevated to begin with. It should have had three elevators, but for some reason the last elevator got taken out of the plan. There was an area for that elevator, and it never got put in, but everybody used to call it "Jeanne's folly." I don't think that it ended up being as bad, because eventually we made that in this new phase where we were going.

We took that area up at the front desk and made it into a meeting room. That was just the neatest thing for us to transport people up to our meeting room in that glass elevator, and we could control access. The tower elevators bypassed that stop on that floor, so we really could pretty well control getting to the meeting rooms. That worked out very nicely for us. There were offices up there, and there was the front lobby area and the front desk, so I think it was 6500 square feet that we got for a meeting room, and that was pretty good.

My one disappointment about that was that there was no way that I could raise the ceiling, because it went right up to the tower. The tower was on top of it, and so there was no additional space. The ceiling was probably

eight and a half, nine feet high, and that was the most ceiling I could get. That didn't make it the most elegant meeting room in the world, but at least we had a place, because we didn't have *any* place to have a gathering of any sort. We could do no parties for our casino customers, we could do no business meetings of any kind. Not that that was a big consideration in those days, to have a place where you could meet like that, because nobody would want to have a business meeting in a casino.

We developed that nice little area and used it primarily, in the beginning, as a place where we entertained our customers on holidays, then we got into having parties for our slot customers, having parties for our casino customers. Remember we got into the era where everyone was entertaining all these people different ways? So we used the room, and it wasn't great, but we had it, and it was wonderful to have that elevator. I don't know how much good it did to get people up there to register, but I do know that it worked out very nicely to have that separate access for the meeting room that we developed. So it all worked out in the end.

Oh, this is where I really got too cute for the casino people, because at the east end of the casino, on the Fremont side, I moved the lounge that we had built over into where the keno lounge had been.

Yes. OK, where did you move the keno lounge?

I moved the keno lounge right to an area abutting the front doors that came in on that corner. I downsized it some. Right as you came in we had some slot machines and then the keno right next to it. Right there we had the keno lounge that went back to where the elevators were, so it was still a fair-sized keno lounge and a pretty one. We made it very, very attractive, and that was probably when I did the most. We did these gorgeous soffits in the ceiling, and we had big, glass chandeliers, and it was very ornate. And I mirrored all the walls. In the [1979] remake of the casino, after I became president, I went down to the corner, and we redid the whole casino. We put in this lighter wood, and we put in some brick. We did a lot of the pillars in a kind of a brick, and

it didn't look too good. Now that I look back on it, I really, really had a struggle with myself to start out with, because I painted all that wood white, and I painted all the brick white and put mirror on all the flat walls. So I really changed the casino—something that was still traditional but not as much so.

I really took a step up, and that was in 1981, 1982. I finally got the mirroring done in 1982, because I didn't have enough left in my budget, so then we had to work with our maintenance staff. Maintenance bought the beveled mirror, and I had the engineers do small areas one at a time as I felt I could afford it. We finally got all the flat walls that weren't brick or wood done in beveled mirror panels about two inches wide. It looked very attractive. Then I put the lounge—we called it the French Quarter—at the end of the casino, and we served our shrimp cocktail there.

I left out the story about the shrimp cocktail. Four Queens was always famous for its shrimp cocktail, which was advertised at fifty cents when Dave and I arrived there. It was in one of those sundae glasses, just a little bit of vegetable like celery at the bottom, piled with shrimp. It was costing us. Tommy thought it was the greatest marketing tool in the world, and he added "Shrimp cocktail for fifty cents" on every road sign that he could get it on between the California border and Las Vegas.

I still have people come up to me and say, "I can remember when I was dating so-and-so, and we used to go to the Four Queens and sit in that place you had there and have fifty-cent shrimp cocktails." That's the way people remembered. It was kind of a meeting place, and you could get a drink probably for a buck. It was a cheap date, and people enjoyed it, and it was fun. So anyway, we now sold the shrimp cocktail in the French Quarter.

But now the price isn't fifty cents, though?

Oh, no. The price had gone up—gotten all the way up ninety-nine cents. Yes. But that was a great price in those days. There are still ninety-nine-cent shrimp cocktails around today, too. I see the Golden Gate has one that they're still advertising.

But that was good. I thought it was great. It worked out very well. I moved the lounge area now known as the French Quarter from the center of the casino to the far east end of the casino (right at the Fremont Street-First Street corner entrance). We then added a thirty-seat oblong bar at the entrance to the French Quarter running the width of the French Quarter. The table games were placed in the center of the casino with the crap pit located right in front of the French Quarter. We ended having to move the crap tables from that location to the opposite end of the table games, because when entertainment was on the players could not hear the numbers called on the crap tables, so we switched the location of the black jack tables to the crap-table location and vice versa. That worked, and all of our players seemed happy, although employees complained about it. I guess change is always hard to take.

It worked out all right. In the end I could still hear people grumbling about it, but you could tell that the people sitting at the tables loved the music, because we were really getting into some better entertainment, and you'd see them rocking and rolling and tapping their feet to different tunes that were being played. I think that everybody liked it in the end.

There was a service bar down there, but I don't remember that it was ever an issue of tax on the drinks from the service bar. I remember when we sold drinks across our bar, or when the entertainment was going on in the lounge itself, that we had to pay the tax, but that was only intermittent, when the performances were taking place.

This last expansion where you borrowed \$25 million, you added how many rooms?

Four hundred rooms, so we now were a seven-hundred room hotel.

Now you have seven hundred rooms. You put the hotel desk on the main floor and service it with enough elevators, probably.

Yes, four elevators and two service elevators for that tower.

How many slot machines did you add, because you added only slot machines back in this new area?

Yes. We went from six hundred to nine hundred, so three hundred new slot machines.

And this was what year?

We opened it in 1981, which was just the beginning of that recession that took us downhill. In the early 1980s, interest rates were

Twenty percent, 18 percent, 22 percent?

Our bonds went out at 14, 14-1/2, I think. When I think about those interest rates now, were we ever in our right mind to do this?

Last week we were talking a little about some of the things that were in the paper about Four Queens management now and recognizing that it's a slot house. Obviously, if you start back to the days when Dave started, in particular, you would have had twenty-five, thirty table games and three or four hundred slot machines.

Right.

Now we're at a point where there are twenty-five table games and nine hundred slot machines.

Right.

It's obviously a slot house. And the dollar slots you grew one carousel at a time, it sounds like.

That's right. We just kept going until we felt that we had reached a saturation point and that we weren't able to increase our slot money on those dollars.

Do you remember what percentage of your slot machines were dollars at the highest point?

I would say we had at least two hundred dollar slots, and then in the late 1980s, we introduced probably about forty or fifty five-

dollar machines that we put right down in front of the lounge. We had an area cut out there where it was like a VIP lounge and had special attendants in there that took care of the customers. Those did very well for us, too.

But in the early 1980s, you wouldn't have had any five-dollar slot machines—maybe one or two—but you had dollar slot machines.

Dollar slot machines.

Every year you would have added. A significant percentage of your slot machines would have been dollars, because the industry was changing radically at that time, and you were on the crest of that wave of more dollars, more dollars, less table games.

Yes, we just kept on adding.

And probably, you would have been ahead in that growth. Certainly the Golden Nugget wouldn't have been as aggressive with it. They were adding dollars, but they were adding table games at the same time with their expansions.

Yes.

The Strip wasn't anywhere near that in dynamics.

Don't forget, too, that at that time the Golden Nugget still didn't have any rooms. They completed their first tower in 1986, so they didn't even have hotel rooms until the mid-1980s.

I have some stylistic questions still about management. I think you pretty much answered the question of sacred cows. Was there anybody from Dave's time where you felt that he'd made a decision and that you couldn't revisit that decision? You pretty much revisited everything and anything—people, floor arrangements. There wasn't anything that you said Dave did and therefore was holy.

Not the core. Yes, but that's not to say that he was wrong and I was right. It was only the changing times. That's the way I look at it. I

think opening something like I did in 1981 would have been crazy in 1975. The market wasn't ready for it.

Even though the interest rate was better.
[laughter]

[laughter] Much better.

You couldn't have the money at a better price.

Yes. Remember I told you that the loan that Hyatt got from the teamsters was 8 or 8-1/2 percent? The value put on the Hyatt Lake Tahoe property was \$20 million at 6 percent interest. Well, we got in a big beef with the IRS about that, because then they got into the creative accounting they have. What do they call it? Imputed interest rate, whereby the taxpayer is made to pay income tax on the difference between the interest rate paid and a market rate.

Why don't you describe your activities at the Four Queens? I have a sense of at least one weekly kind of thing that you would have done with meeting with the slot manager and seeing what performance was and talking about new machines, and there was one monthly meeting going over the receivables and the aging report and looking at those things. But on a daily basis, from the time you drove in, what would your day look like? What kind of things would you do, and who would you talk to?

I think that evolved from when I first got there to what I did finally, because at first I was just out on the floor learning as much as I could by talking to people, trying to understand how the place operated, what the control points were, and what I should be watching for. Then I got into a period of saying, "What can I do to make things better here? What can I look for? How can I improve employee relations? How can I improve service?" You begin to get into these kind of theory changes.

How long did your familiarization process take? How long was it before you felt comfortable saying, "OK, now I think I've got my hands around this. I know what it is. I've made some personal changes."

It probably was a couple of years, even though I got aggressive enough to go out and lease the property and build the end of it. But to me, that was not new.

It was still developing hotels. You were still doing the same thing you'd always done.

Yes. I didn't have any problem. That wasn't a learning thing. I guess the only learning part of that was how I managed that end of the casino that I was adding—how that fit into what a casino should look like then and maximizing the space and the best use of it. I don't know that there was any book written or any numbers that we really were looking at too much then. It was more intuition, more an idea of what you thought the street was and what the street would take and your own personal observations rather than any formalized marketing plan. If we added so many more slot machines, how would this change our revenues? I know we did projections about adding a number of machines, so we got up to six hundred machines at that point. What would that mean based on the three hundred or four hundred machines we had? We knew that we could place that in our projections. We could see if we believed there was an increase in keno and build that in. Things like that to justify taking that corner and expanding the casino.

The analytical process, then, wasn't what it is now. Now if you're ready to expand you'd say, "Our average win per day per slot machine is this. We're going to add this much more. It's going to dilute it by this percentage. Therefore we project . . . " At that time, you dealt with monthly drop figures, and so you'd have a monthly drop, and you'd say, "There are six hundred machines, so if we add 50 percent more, the monthly drop is going to be about this."

That's right. That's kind of the way it worked.

But it wasn't anywhere near as exact as . . .

What we do now.

It was a little more sophisticated, but it was just a kind of guess.

[laughter] That's right! That's right.

"We think!"

Yes, we *think* this is what we can do.

But you could borrow money on that basis sometimes.

Yes, yes.

I mean, now that would never get you anything.

They'd laugh at you. But then, you could do that. I'm trying to think if I've left out things about some of the changes being made in those first couple of years.

Let me kind of summarize it and see. What I see is three moves to the east beginning with one that Dave makes, and then you make another two, I guess, and the [1981, 1982] expansion was just one more.

Yes, one more.

One more, so that's two moves to the east and then the move that went south.

Yes.

The first move includes adding a restaurant and repositioning the use of the floor space, and then you begin with the expansion of the slots. At the same time, you decide that the casino atmosphere needs to be lightened up, and you do that in two stages. In the process, you also experiment with moving keno and lounges and develop a larger concept of "lounge."

Yes.

Operationally, the casino management and the credit and those issues are pretty much the same in 1981 as they are in 1977. You have the same kind of dynamics—giving credit to people and building the base through that credit and complimentary procedure, and you probably haven't gotten to any hosting parties with themes for the players.

No.

But the expansion in 1981 sets the stage for it by giving you that room up there.

Yes.

You're probably not quite to that point.

But we're not to that point, no, because we didn't start developing that until after. That happened in the early to mid-1980s.

So far, you've just expanded the property within the footprint to the maximum which you can, added slot machines, and begun to change the atmosphere a little bit by lightening it up and giving it some entertainment.

Yes. That's fair.

And during this time, you're still going to school with your employees. You are not trying to make any changes in operation.

No dramatic changes, no.

You're trying to develop some of them as people.

Yes.

So your slot manager and probably even some of your old-timers in the table games, you're trying to get them to . . .

Well, in all departments. Obviously there were pretty dramatic changes in food and beverage service.

That must have necessitated a new food-and-beverage factor. At least one, if not two?

Quite a different food and beverage set-up. You doubled restaurant seating, and you had a more expanded, upscale bar situation.

That's not an in-house kind of promotion usually? When you start expanding the concept of a restaurant, you usually don't find somebody internally that can think that way.

You had to go outside. We tried to work with the people that we had inside. By that time [the expansion during Dave's tenure], we had said we were going to name the restaurant downstairs Hugo's. So we had the advantage of having a guy who had designed many of the innovative things that Hyatt had done with their restaurants. They let him come help us put in place the kind of menu . . .

He was kind of a consultant?

He came and acted as a consultant. He really came and sort of lived with us for probably a few months while we were building it and while we were staffing it and deciding about the menus.

And Dave was still alive when this was happening?

Dave was alive in the first go-round when we did the coffee shop in the upstairs and the Hugo's downstairs, but then in 1981, I expanded the coffee shop. Remember I told you it probably seated 150? I added close to 100 seats to the coffee shop. And downstairs I had room, which I sorted out by really reading the plans for the hotel, and I knew how far back we could go, so we really created new area on both levels that had been eye-in-the-sky [security] or other things.

So essentially it had taken two years before you tried to do anything philosophically with the property. You continued to expand but not anything operational, philosophically. So with the expansion there were changes in surveillance, from the eye-in-the-sky and the

type of people that were there at the beginning to the change of technology and all that. You want to start with that?

That was just something so foreign to me, the way the security was all run. I wish I could remember or talk to somebody who could describe a couple of characters that we had that were on there [on surveillance in the overhead catwalk areas]. There were only two or maybe three, but that was the most that we had. Nobody knew when they were up there. Nobody really knew what they looked like. So it didn't matter what they looked like, you know? They looked like they stepped out of anywhere. They just were ordinary, although one was very frightening looking. He was a big guy and looked threatening and ominous. I don't even know where their office was, because I don't think they had an office. I think this catwalk up over the gaming tables was their office. They had telephones sitting there in several different locations so that the pit could call them if they wanted their help in looking over gaming. And they were just unbelievable kinds of characters.

I guess as we look back on it, there was no oversight by anybody about their backgrounds or where they came from. Tommy would have hired them from his knowing and understanding the games the way he did and who were the bad guys and who were the guys that knew how to cheat. He knew enough about their personalities that he knew that they probably would be loyal to him, and that loyalty transferred, by the way, to Dave and then over to me by these guys. I felt fairly comfortable with that. Tommy still was around. I kept him on a retainer, and he did come down and consult with me as well as Dave. Dave kept him on a retainer, also. He was on that retainer until he died. So he felt that, aside from the personal obligation, he was still receiving some money from the company and always felt good about that. Several times I know I was questioned, "Why do we keep this guy? Why do we keep him?"

I would say, "I think his input is very valuable, and I think his presence here from time to time is equally valuable, and I think it's a good idea." And so they just left it alone. It wasn't a lot of money, but it was enough to

keep him, because he made a good deal of money, and he did very well when he sold the Four Queens. I think that to him, it was just the fact that we were paying. It didn't matter whether it was a dollar or ten thousand dollars. He really appreciated just being needed and wanted. I think he had that as part of his personality. Just having his presence there was important

Normally, with their background, these would have been people who had been cheats. They'd have been on the other side of the table. They were probably older and didn't . . .

They were older then, and they would have trouble getting . . .

They didn't want to pursue the illegal things anymore. They were too old probably to deal anymore or anything. And it was a pact between whoever hired them—Tommy—that now they wouldn't cheat or steal from him.

That kind of went on through 1981, because by then we had revamped. We were into camera surveillance. I told you we went out for the \$25 million bond offering to build a new tower and redo the casino throughout. One of the things we did in that building project was to put in pretty good camera surveillance—the best probably that you could find around at that time. And we moved these monitors to a place now where security had a room and would watch the cameras, because we took away the eye-in-the-sky [the surveillance from the catwalks].

Do you remember how many cameras? How many monitors, probably, not how many cameras? Do you know how many monitors were in the room?

Well, I know it kept increasing. Maybe ten for starters, and then it got to be a wall full of them.

And I would expect that the guys who used to man the catwalk probably . . .

Kind of dropped away then.

They didn't last more than a few months or a year at the most.

Yes, because they didn't like this way of doing this. It was very boring to them and very hard for them to look at it on the camera and to get the camera in the angles that they wanted. It became something too difficult for them.

So we went into this room, and we put in these cameras. We then went to twenty-four-hour coverage with at least one person in that room twenty-four hours a day. We also covered the count with that and kept the tapes up there and did the count of the currency.

Count room. Cashier's cage.

Yes.

Better coverage of the slot department.

Yes. Only in the beginning, when we first began to use cameras, it wasn't nearly so important. Nobody really thought about covering the slots. But when we started getting into big, big jackpots, we did begin to think, or at least I did, "Well, we better have a camera over where we had that \$1 million-dollar carousel. We better put a camera over there." So we did that.

And by 1982, those million-dollar progressives were really common in those days.

Yes. I would say we ended up with at least forty or fifty cameras and monitors in that room.

In the beginning, you probably had one or two recorders, and after a while, you had probably fifty.

Yes. It just went on and on, you know. We kept expanding and becoming more and more dependent on it, but in the early 1980s, nobody cared about watching the slot machines. They finally made it part of our regulation, but that wasn't until much later. And these guys learned to work fairly well with the pit, but there was always a kind of criticism.

The pit would be critical of them, or they'd be critical of the pit guys. I think I remember refereeing a lot of that and people being territorial about their jobs and saying, "That guy up there, he doesn't understand what we're doing, and he doesn't know."

And the guy upstairs saying, "They never call me. That person is obviously doing something, because they never call me." So you'd hear these kind of stories but try to sort out fact from emotion or whatever. [laughter]

Did that level of tension get to you? Because you had a casino person between you and that.

Yes, and it didn't. But the director of surveillance reported directly to me, and we kept it that way.

By the time you got a director of surveillance and got that, by then, the state law required you to record. But in the old days of the eye-in-the-sky, the first evolution, they . . .

That's probably why I don't have that much of a memory, because I don't think I was running battles. I was playing these battles after the director of surveillance was reporting to me, with him and the casino manager both having complaints and me having to keep as good a coverage as we could and yet settle their differences. Because often when people get emotional like that, it totally affects their job. They become consumed with their emotional side, and they're not doing their job. They're just cussing that guy down there. That really cuts down your productivity and the value of the people that you have doing your jobs for you, so you have to get past that. Somehow you have to work through it and really sit with everybody and ensure that they can get past these things. It doesn't do you any good to just yell and scream and slam the door and leave, because they're going to go back and have exactly the same feelings and treat their job the same way.

Yes. The old guys didn't report to anybody and had very little dialogue with the pit or with anybody. They were just there to catch thieves, so if they saw something, they'd call up. Maybe

once a week they'd call the pit boss and say, "I think something's going on."

Probably.

But the evolution and the next stage is five or six monitors, like you described, and somebody there twenty-four hours a day, and the initial person probably wasn't nearly as good at the games as the old one.

As the old guys that knew.

And not nearly as good on the camera as people you'd have now. But then the next stage, where people really understood how to evaluate players, that person reported directly to you?

Oh, yes.

The change in professionalism and what it brought to you—could you describe that?

They really took a lot of pride in knowing what they knew. And the couple of directors that I had and then the people that were working for them really changed, and it was just an absolute opposite of what was there when I started overseeing everything to what we ended up with in 1985, 1986, 1987. We had real professional people who had knowledge and had experience, and they really cared about their jobs.

One of the characteristics of that new group is that their skills were mathematically based instead of experience based. The old guys had dealt cards or cheated, and they had the hand moves.

Right.

These guys had the mathematical skills to analyze results and to say, "This is what should happen."

Right, right.

And so card-counting or basic strategies . . .

Those kinds of things were certainly caught and looked at. They also did a lot of things that would give us important clues, like how many hands are dealt and how many rolls of the dice there are. Those were really valuable reports for us in order to make a lot of determinations in what we were doing for our customers.

Hands per hour that they measured became a productivity rating so that you knew how much a dealer was producing. Was that the first concrete measurement for . . . ?

To know what a dealer was doing for you, and you could begin to say what a single hand was going to mean to you. That's how it all came about, but had you not had these cameras and the guys that develop those kind of things, boy, you would never . . . Well, I'm sure somebody would have thought about it, but it was interesting to see the evolution. You're right. Now that you're pointing it out. From these funny old men that sat up there, just walking out there and sitting with their head on the rail. And I'm sure they were all asleep. [laughter]. But I guess they had a phone that could wake them up, keep them from falling through the mirror down there. I always had a vision of that, too, that one might just topple through and end up on top of the crap table. [laughter] That was a real fear—he would just die sleeping up there. When you look back, you wonder how you really got along, and yet you did make a lot of money.

That's a good portrait of the old days or the old ways, because Tommy Callahan and these guys were the old way.

That's right.

They did everything through personal knowledge, a lot of hocus-pocus. And at the far end is where you have you and your accounting background and corporate background talking to surveillance about hands per hour.

Yes.

It's the opposite extreme—the modern corporate-management style.

Yes, it's altogether different.

In the case of the Four Queens, it happened between 1978 and 1985, when the transition was done.

Yes, fairly well complete. I'm sure we were still expanding our monitor coverage, but the whole process was in place then. The director was reporting to me, the reports were coming to me. The responsibility had really shifted.

Did you have a circular report that would have come to you with some of the deviations? "We witnessed this violation of procedure consistently," or, "This player was doing this, and the dealer didn't stop them."

Those are the kind of things.

And that would be the nature of the report that would come to you? Generally then, there would be one that would go to the pit department, too, and that department would have to respond, and then you'd get to see the response?

Yes.

Did you have that kind of a circular?

We had that kind of circular reporting, and although I feel badly about saying this, I don't think it meant that much to the pit. How do I want to say this? They were pretty territorial, and they didn't want to hear it, so they kind of brushed it off. Only when I would insist, if I saw things that I thought needed to be answered or the director would talk to me about it and really have a true concern about something But when they were little things, making the pit accountable for each one of these comments just seemed to be a waste of time, too. So I did it more by making a judgment, listening to the director as to the importance he was putting on particular activity.

You really had to rely on the director.

Yes.

And who was the director at this time?

His name was Butch. I can't remember his last name, but he was there until I left. He was there a long time—a *long* time. I went through several people like him before he arrived.

But he's the one you got to rely on, and you had to really gain confidence in him.

Yes.

Typical in this evolution is that the pit was the last bastion. They were resisting the change.

Absolutely.

There were some old pit bosses that were from Tommy Callahan's era and ones that were trained under those people, and they really didn't want this modern era of analyzing things. Did you experience that?

Absolutely.

This evolution, too, is a change. These two or three changes in pit managers and who directs the pit operation until you get somebody where you have some confidence in their integrity, because as this surveillance gets better, you begin to understand that maybe the guy in charge of the pit could steal a lot that you didn't know he could steal.

That's right.

And then his inability or unwillingness to enforce those procedures and to get everybody to follow those things for surveillance were important, even though it was nitpicking on an individual. That's usually the second generation of guys, going through somebody who doesn't have the management skills to do that. It usually takes three or so before people get to somebody who had the right

mathematical training so that they could evaluate the same things as the surveillance guys plus the management skills to do modern personnel management. Did you see that process?

Yes, I went through exactly that. And Charlie Stump, who was the casino manager, was one of the three that were my support team. In 1981, 1982, we had an all new area. The new expansion was done. I dearly loved Charlie, and I felt that his loyalty to me and to the hotel or the casino was absolutely there. I never questioned that. He was getting older. He was a diabetic. It was harder and harder for him to spend the time, to be there. I noticed that he wouldn't be there as much. He was beginning to just not be paying attention. I guess he was still paying attention, but he had his favorites that he relied on, and several of those people were old-timers, the ones that were really fighting changes that were taking place.

In order not to cause a revolution in the casino and also to be fair to Charlie, I went to him to suggest that he would take a cut to half salary and then that he'd come on prescribed days, like on the casino manager's day off and then other times, too, and that he would spend some amount of time there. I was going to look for someone to actually become the casino manager, and I expected Charlie to work with him and not to resist. So I said, "So given all of that, Charlie, I've got thoughts about several people for this job, but I want you to be in on this, and I want you to help me."

There was a young man who worked in the pit and had become a pit boss. He was a young guy and was perfect. He knew the numbers and yet had grown up in the casino business, but he was just up-to-date, and I thought he would be the perfect guy. He had eyes in the back of his head, and he really knew and understood gaming. He showed a certain amount of leadership down in the pit, and he had these kind of qualities that I felt would make him a good casino manager.

I said, "Charlie, one of the people that I've thought about is Bruce Meyer." That was one of the suggestions I made to Charlie, and then

I said, "Well, you know, I had several applications from a couple of Strip guys that said they'd like to come downtown." So I showed him these couple of applications, and I said, "I have never talked to them. I've never even heard But maybe this is worth exploring. What do you think?" Well, he instantly said Bruce should be the casino manager—*instantly*. So I said, "Well, good. Let's see how we're going to go about doing this and when we should do it and all." So anyway, he and I reached a little agreement in writing, that he was going to go to half salary but would be in on certain days. We were flexible on the days, because it was when he was needed and that kind of thing.

I made Bruce the casino manager. This was probably in 1982, 1983, in that neighborhood. Now all these things are so deeply entwined with one another. In our 1979 agreement with Playboy to become a partner in their Atlantic City property, they were to be the operator of the casino, not Elsinore. Playboy was going to develop the whole casino from an operational sense. So one of the things they did was set up personnel offices at the Four Queens, because the pool of prospective employees for key positions was in Nevada at that point. We opened the Playboy property in April of 1981. So Bruce had told me at that time that he wanted to interview when these guys were in the hotel for a job at the Atlantis.² That was a very attractive thing for a young guy like that, because salaries in Atlantic City were well above what we were paying in Nevada.

Thirty or 40 percent, at least, or sometimes it was double what they earned.

Big, big difference. So this is an interesting aside on Bruce. He went to work in Atlantic City and did all of it. He could *not stand it*. He was there for six weeks, and he was calling me, "I've got to get out of here. I cannot stand this. I've got to come home! What can you do? What can I do?" [laughter] Well anyway, he resigned and came back to the Four Queens.

Probably what he resented in Atlantic City was the degree of regulation and control and the structure.

Oh, he hated it. His wife was going to leave him. She was so upset, and he couldn't stand the working conditions. He said, "I'm really not doing anything." And you've got the state looking over your one shoulder and casino management looking over the other.

As I say, it was in 1982, possibly early 1983, that I did appoint him casino manager and worked out my arrangement with Charlie. And oh, I was so pleased with my choice. I thought this guy was really doing a super job, I really did. And he was in many, many ways exactly what we needed, but when a guy virtually grows up in the work world in a casino, he watches the guys that are his bosses and are his mentors, in a way. He sees how they treat people. In the final analysis, I guess that's the way he thought, and many of these guys are like that. And I know a lot of stories. "Well gosh, when I get to be casino manager, I can do exactly that." So that's what the bad habit was. I mean, he was terrible to some of the people that worked for him. And I could talk to him, "Bruce, you can't do this to people that work for you. You have to be a coach. You have to be everything to them. You can't be this autocratic, holier-than-thou, king-of-the-hill down there. "

How old was he?

Probably he was in his mid-thirties.

Did his dress change, too? Did he become a little bit more flamboyant?

Somewhat, although not a lot. He had a reasonable amount of good taste. He had a lot of good qualities, but he just could not control his temper and would revert to this way that he thought all these big casino managers should act. He thought this was his right, because that's what everybody else did. He had bought his way to that total control, and nobody should really question that. Nobody should ever cross him on that.

He inherited a title that, a generation before, meant he ran the place.

Right.

It meant that he made all the operational decisions—not capital decisions, but he really made all the decisions. The casino ran around the casino manager no matter how bizarre his behavior was, and he inherited that title in a world where the casino manager really was a departmental manager and not necessarily even one of the key executives in your team.

That's right. He had to learn to work with not only the people that worked for him, but with his counterparts all over that whole hotel-casino—with marketing, with beverage, with security. Oh, and what he'd do to those poor security guys was just unreal, but that was a trait that these people had.

By then, I'm assuming that you had monthly financial statements departmentalized and that you did something to review that with people and that it would have been as alien to him as anything that we . . .

Yes, although he was pretty good with numbers, and he kept a pretty tight ship. He knew his numbers in the casino. This guy absolutely knew them inside out. He knew what everybody was doing. He was light years ahead of where Charlie ever was. Charlie did a lot of this by instinct and by what he happened to see and what he didn't happen to see.

But when you say he knew what everybody was doing, he'd know what the drop was, what the revenue figures were by the day, and what every big player did?

By shift, by everything. He had meticulous records in his office that he was doing by hand. This was before anybody had anything like this computerized. He knew everything that was going on, so he had a lot of really good qualities that I was looking for, but sometimes there's a quality that you can't live with. If in the end it causes so much disruption in your entire organization, you can't . . .

We talked off tape about the change in the Golden Nugget-Mirage organization, and that

when they opened the Mirage, they had to bring in the new era of human resources.

That's true.

That's one of the issues that you would have been faced with by the mid-1980s. We can't afford to not change our attitude towards human resources and the way that we train and teach people. And Bruce would have been stuck on the wrong side of that wall.

He was, because he just had to give way at times to this evil. I think intellectually he understood what I was saying to him. I really believe it. But he was so used to allowing his own emotions to control him that he would lose sight of it. I think he may have been, at times, sorry for it, but once you paint yourself into a corner like that, particularly a guy like this, there's no face saving. You can't ever admit that that was the wrong way to behave. You just can't ever admit that, and those things get in your way of becoming a really good manager.

So now you're faced with a new choice. Now you've got to make another decision.

That's right.

Notes

1. Earlier mention was made of renovations done in 1974 while Dave was still president, and there was also an emphasis on lighter woods at that time, but the work mentioned in this passage is separate from the 1974 upgrades. Jeanne put in an even lighter wood, and the chandeliers were given a less heavy look as well, being a light gold instead of a darker brass.

2. The Playboy property originally opened under a conditional license in April of 1981 as the Playboy Hotel and Casino (backed by Playboy and Elsinore). Playboy and Hugh Hefner could not get permanent licensing for gaming in April of 1982, so Elsinore (which did receive its permanent license) ran the property pending licensing appeals by Playboy. It operated as a Playboy resort until April 1984, when Playboy gave up on the appeals process and sold its percentage of the property to Elsinore, according to the provisions in the partnership agreement between the two companies. In June of 1984, the resort opened as the Atlantis. Bruce Meyer had worked at the Four Queens for approximately ten years when he applied to work in Atlantic City in 1981. He returned to Nevada in 1981, and in 1982 Jeanne made him casino manager.

HYATT, ELSINORE, AND PLAYBOY

I guess I should go back to the Playboy story now and tell you a bit about that, and that will bring you to how I now chose the next casino manager. In February of 1979, Hyatt went private. Every year, Hyatt had a group meeting of all the managers from all the properties. It was during one of those retreats where the idea was discussed.

This particular management meeting was held in Washington, D.C., in March or April of 1978, so a number of us were sitting at a table with Jay Pritzker. It ended up with Joe and I and some guys who were with Hyatt Medical. (Hyatt had diversified and acquired a medical company who owned hospitals, and that was a subsidiary of Hyatt.) So several of the board members of the company that had ended up as Hyatt Medical were there, and they were really the principal owners of Hyatt Medical. They were equity partners, in a sense, with Hyatt on this whole thing. So we were all sitting around the table, and Jay said, "I think this is the year that we should take Hyatt private."

So we said, "*What?*"

He said, "I just have a feeling. Besides that, I think that it would be better if Hyatt were a private company."

There was scrutiny of the whole Pritzker family and the relationship with a public

company, which I probably heard other people talking about. The Pritzkers didn't like the scrutiny. The family didn't like the rumors or people alleging that there was a conflict when they owned the property and then the company had a management agreement on the property in the public company. Although I think it was fair, and a lot of people went for the deal. They weren't making any better deals for themselves than they were with a third party. But anyway, there was that suspicion, and Jay hated that, because I think above everything else, the Pritzkers really guarded their reputation as being good businessmen and honest businessmen, not people that were trying to take advantage of others. They didn't like the implication. They knew it wasn't real, but they didn't want it being said, period.

So Jay continued, "I'm really seriously considering taking Hyatt private, and I think we're going to do it." He got investment bankers involved in his planning. There was an evaluation process whereby the investment bankers assessed all of the assets owned by the public company to determine the worth of the public company, and then they developed a price that they thought somebody considering buying should offer.

That was all done, and that took months and months, and there was a formula

developed for pricing the shares. The result was a selling price of approximately twenty-one dollars a share. They started talking about the price to the shareholders and floating the possibility of the sale to see how it would be received.

What had happened in 1978 was that Atlantic City had opened. As Atlantic City numbers became public and the stories about Atlantic City and the lines to get into the casinos became public, all of a sudden casino stocks began to be glamorous stocks. Everybody wanted to own a piece of that, and so it really worked against Jay in his consideration of taking Hyatt private. He was finding that even though, in most people's view, Hyatt was a hotel-operating company, some of the investors in the company realized that they did own two gaming hotels. I think that there was a sense that there was a lot more to be made here and that that was not a fair price in their minds.

Jay kept wrestling with this. In fact, I talked to him several times, and he was kind of struggling with the whole thing, because as I told you, they were so bottom-line oriented. It was never right to make a deal just to make a deal. It had to make sense on paper for him.

He finally worked his way through all of this and decided that since the public was fascinated with the gaming aspect of the company, why not spin off a share in Elsinore? The difference between twenty-one dollars and whatever value they had placed on Elsinore—whatever Elsinore owned, which happened to be the Four Queens and Hyatt Lake Tahoe—that that should be something that might be attractive to the stockholders. So this formula was made up, and it ended up being something like seven dollars for both properties—for Elsinore—and the other fourteen dollars was the value assigned to the Hyatt shares to be paid with cash. Anyway, they tried that out. That seemed to be far more acceptable if Elsinore was going to be a public company, and then Hyatt could go home happy. Everybody felt that that was the thing to do, and so they were prepared to make this price as a formal proposal to the shareholders to be voted on at the shareholders meeting in February of 1979.

Late in 1978, just before Christmas, the investment bankers told Jay that the deal might look better if there was an Atlantic City location as part of Elsinore. So Jay had a friend who had been a partner of his in some business deals, and he also sat on the board of Playboy. His name was Mel, and I can't remember his last name. He told Jay that Playboy had, prior to gaming legalization in New Jersey, acquired a piece of property under pretty favorable conditions right on the boardwalk in Atlantic City. It was right adjacent to the convention center, the one that's famous for being the location of the Miss America pageant, so it was a pretty prime location in everyone's view. Little did we know some of the problems that we would encounter as we went on with that, but it appeared to be a great location.

After they acquired the property, they went forward with drawings of the hotel-casino which they intended to build on that piece of property. A key factor here was that they had gotten a *number* of approvals from agencies in Atlantic City and from the state of New Jersey for the plans that they had designed. Playboy was really poised to get under construction. They had gotten that far, but they weren't able to get financing. Maybe Atlantic City was too risky. If you recall back in those days, even then, the only way that these companies were getting money to build these gaming properties was through public debt or their own cash flows. That was really the way they were being built, and financing was just not available from conventional lenders. Jay then agreed to guarantee a portion of the note, and in that way they got some bank financing, which was an absolute miracle for that property.

How much did they need?

We had a budget indicating that the hotel-casino could be built for \$90 million.

Yes. That was before anybody had been to Atlantic City?

No. Those first companies that built in Atlantic City all came in with what, in retrospect, looked like modest budgets. At that

time, this was an enormous budget. At that time people would have thought, "It's going to cost you that much to put up a hotel like that? A 500-room hotel is going to cost you *that?*" I mean, really! It demonstrates how our thinking changes over the years. The cost went up to \$160 million.

And that was cheap.

And that was cheap. You have no idea the pain and ache we went through to get that thing built. And we had slowdowns, absolute work stoppages, a whole bunch of things that you just had to pay for. We thought we'd set aside an enormous amount of money for this thing. Really, we believed that.

So in your story about taking Hyatt private, the stockholders agreed?

The proposal was made that Hyatt or Elsinore would sign an agreement with Playboy to become a partner with them, or close to equal partners, in the Atlantic City project. They were each going to contribute capital that would be equal capital. Some of theirs was in land value, and ours was all hard cash—Elsinore's side of this and Jay's guarantee of the loan. Anyway, that's how we began. And so we decided to go forward with the deal. That was added to Elsinore's list of holdings and became part of what the shareholders would receive when they got a share of Elsinore in this going-private transaction and the cash payment of thirteen dollars and change, whatever it was. So that was accepted by the shareholders, and so on February fifth or sixth [1979], they voted close to unanimously to accept that offer from Hyatt. Hyatt went private, and Elsinore became a public company.

And for Jay, it turned out to be probably a pretty good thing, because he ended up with the Hyatt hotels at much less price than he would have had to pay merely because of the market's infatuation with Atlantic City and this other company. And he had the company that his family had built anyway.

Jay personally guaranteed the loan [for Playboy], and they didn't guarantee anything. So that was a huge concession for Jay to guarantee a part of that debt.

Was there any significance with the name Elsinore?

No, and there's no sense in my going on and on about it. It was just another name that had to be selected for another corporation of the many, many, many corporations that had been formed by the company to operate each individual property because of the tax savings there were in those days. Not today, but in those days.

And then I'll ask you about the Hyatt name and whether the Hyatt name had any significance.

Oh, yes. The first Hyatt hotel at an airport was a low-rise building on Century Boulevard. It was a motor hotel that Hyatt bought in probably 1956. It was owned by a fellow named Hyatt von Dehn. Hyatt von Dehn had named the hotel the Hyatt House at Los Angeles Airport. That was the name of this hotel. So when Hyatt bought it, in their agreement with Hyatt von Dehn, they got the right to use the name Hyatt House. And that's what those first hotels were called: Hyatt House in Burlingame, Hyatt House in San Jose, Hyatt House at Seattle Airport. All these were the first Hyatt hotels in the country. Then, of course, as the company grew, they lost the "House", and they called them Hyatt Regencies and Hyatt Hotels and a variety of names, depending on the kind of hotel it was. Then you began to get into distinctions of whether it was a convention hotel and whether it was one that offered absolutely the most elegant service—that was a Hyatt Regency. You began to have grades of hotels within the company.

There were just two grades, or were there more?

Hyatt Regency and Hyatt Hotels. Well, I guess that was all.

And they didn't retain Hyatt House anyplace?

No. They dropped Hyatt House, in fact, quite early in the company's history. But they didn't know when they bought the Chase House Remember the hotel that I was managing in the valley? That was called the Chase Hyatt House. That was the name that was officially given it.

And that's what you started to do, was chase Hyatt.

Yes. Chase Hyatt. Right, I did. [laughter] Very good.

Well, sometimes those are interesting, because the name changes imply philosophical changes. They imply growth in the company or changes in the marketplace—all kinds of things. The names represent when the company recognizes that, "Ah, we've changed, and we better get a new name for this new entity that we are. So now we're Hyatt Regency, because we want to charge more for a service."

Or to indicate a difference, so the public perceives that hotel as different from another one. So, in 1979 we made the deal with Playboy, and that was one of the many reasons the stockholders agreed to Hyatt's going-private transaction and to taking Elsinore's stock in exchange for their share of Hyatt stock.

One of things I think I mentioned was that, because of the regulatory pressures you were under in Atlantic City, one of the key things in terms of time and cost was having certain kinds of plans approved and ready to go, because the approval process was almost indescribable, and in the first years, it was a lot worse even. In the time that I was there, I saw it begin to relax a little bit, but in those first years, they believed that talk about wanting to have absolute control. They would tell you what kind of colors you should put in your bathrooms and where you should put your slot machines and where you should put everything on your casino floor. There were prescribed square inches that you had to be in. Well, when you finally got a plan that had their stamp of approval, you're not about to change. It's one of the things we bought when

we bought into this partnership with Playboy. They had those stamps of approval on those plans, so we were able to begin construction immediately.

I think in those years we viewed every day that we weren't open in Atlantic City as losing a lot of money for the company. [laughter] That was just a foregone conclusion, so that drove the mentality during our construction time in Atlantic City of paying whatever it takes to get the job done. That's why budgets went up by two-thirds and sometimes much more than that, because people just were willing. We all thought, "Look at all the money you're losing. It's worth it to just spend it over here and get the job done." And, of course, you know what that did. That just made everybody hungrier, and they just became more and more outrageous in their pricing. It fed that storm. Oh, it was incredible.

And that was both labor and vendors.

Right.

It was what you bought, and it was who built it.

And for building, oh, they were unbelievable. At any rate, to have those approvals from these numerous agencies was a great incentive for us to be the buyer in this Playboy thing, even though, had somebody looked at the plans Nobody was going to do anything on this one. They weren't going to do anything to the plans, because we had to get that place built. We had to get open. Oh, how naive we were, but that was the mentality at the time, so we pushed on.

There was a lot of work that needed to be done, because it was right on the beach there. There was an enormous amount of work that needed to be done underground just to support that building that you were building on the boardwalk there. A lot of that work was being done during those early months, so we probably built that hotel in pretty fast time. We opened it April of 1981, so in just over two years, we got that thing up, which was a miracle in that environment, given all that we

had to do. It really probably was a miracle that we got it done.

We got done with building, so nobody was looking at the layouts or where things were. Those were already done. They were on the plans. Those were approved. Nobody was going to touch a thing. It didn't matter that we had a three-level layout to work with. We had to open, and that was it. And so we moved on. We were all so excited and enthusiastic. We were going to be in this wonderful market that was going to do such great things for the company. We all worked under this delusion and went right on, just marched on.

When Elsinore was organized after Hyatt went private [in 1979], Joe Amoroso (one of the three original partners in our group) had been working with Hyatt as their development guy. So Jay Pritzker asked him to become the president of Elsinore. I became the vice-president of Elsinore and was on the board of Elsinore, and then I remained as president of Four Queens, Inc. and became president of Hyatt-Tahoe. I was not asked to be anything in Atlantic City. The common theme at the time was, "Well, you know, you're doing great with this little place you've got in downtown Las Vegas, but Atlantic City? And maybe you'd have a couple of things you could add, but . . . " That was kind of the feeling I got. "But you're just dealing with a grind joint downtown. You just don't know enough. Your level of experience isn't . . . " And these are all words I'm using. Nobody used those to me. I am only saying them the way I believed that the people at Hyatt viewed me.

Did you have any of those feelings yourself?

Oh, yes. I believed that. I believed that I couldn't do that. I mean, what could I do there? We were building a place where you expected to entertain the shahs and the kings and the queens of gaming. In downtown [Las Vegas] we deal with blue-collar workers, and we make a lot of money, but that's fine. We do it with a lot more customers. In Atlantic City they're going to take care of a few and have this *huge* revenue base and all that credit, and I would have no idea about how to handle

that. Could I really deal with people like this? And that's where a lot of it came from.

I thought of how amazingly they loved the money the Four Queens was making, but they thought, "That's great. But that's still just a little joint downtown."

So they got the place built with no input from me or anybody, really. They just followed the plans and opened the place up. Joe had become president of Elsinore, and Joe was one of these guys who had done very well personally and made a lot of great personal investments. So he really was doing a lot on his own by then, although he was giving a lot of time to Hyatt and still doing development, but now he's president of Elsinore. So he conducted board meetings and there was not that much oversight of the Four Queens. But Joe was a construction guy, so he was spending a lot of his time in Atlantic City overseeing the construction. People would go there from the company.

And I used to laugh, but they came to Atlantic City in a private plane. They'd have their plane engine running while they stopped in to see what was happening there. That's kind of the way it was treated. Nobody got there and stayed there from our company, but of course, in the beginning, it was Playboy's game. Joe had agreed to oversee the construction, but it was Playboy's. They were hiring. They were selecting all the management. They were determining all the policies. They were working with all the regulators. They were doing everything. So you know, there wasn't any need for anyone from Hyatt or Joe or Elsinore or anybody else to be there.

We got involved, of course. I can remember going back there a couple of times and looking at sample rooms. Henry Conversano was doing the decor there, and everybody was fussing about how expensive he was. I can remember all of that and walking in saying, "Gee, I could have done just as good a job with this room as this guy did," and wondering about it and thinking things like that. I was not awed by what he was doing, but I was awed by his price. He was acting, to a large extent, at the direction

of Playboy. They did things differently, I suppose.

Had they chosen a new president? Was there somebody who was the chief executive officer?

Victor Lownes. He was next in line to Hugh Hefner at Playboy, and Victor Lownes was absolutely king. He was running that side of it. He was kind of a flamboyant man with a good deal of charm, liked women. But to be next to Hugh Hefner, that's a way of life, so everybody used to be kind of awed by the way this guy could attract women and have them all around him all the time. I can remember lots of discussions about that and how he lived for that and how important that was to him. Playboy had a number of casinos in England, and he oversaw all those operations. That was his, and he had a home in London and really was a fascinating guy. He was interesting. He was charming. Whether I agreed with his lifestyle and how he treated women was another thing, but anyway, he was developing the whole personnel side of what was happening at Atlantic City. Joe was handling the construction and trying to oversee that.

Well, maybe not quite a year and a half into the construction, we found that Morse Diesel, a national construction firm that had been the low bidder on the job, was broke. They had run out of money. They were bonded, but we had to finish it. So Joe and Jay talked to Lud Corrao, because he had extensive background in building casinos, and they believed that he would be the guy to go back there and finish the job for us. Paid him an enormous amount of money to do that, and then of course, that's when we really began to see where we were going with this thing.

And the poor old Four Queens. They would call up every month and want money from our cash flow, so we just kept sending the money. When I think back, if the Four Queens had been left with the money that it earned, what could it have accomplished? Those kind of things make you sad, and they certainly do now when I see where it is and how really lacking it is. I'd made it into one of the prettiest places downtown, and then it ends up being one of the oldest and least cared for now. Well, it makes you feel bad. Actually, no great

amount of money outside of room refurbishing has been spent at the Four Queens since 1981, 1982, when I did all of that work there, and that's really sad. Oh God, it's past fifteen years now. I don't believe that.

At any rate, we got the place in Atlantic City open, finally. I think I told you that our budget for it at the time was huge—\$90 million—and it ended up costing us \$160 million to build, which is double what we thought. So that money had to come from somewhere, and a lot of it came out of the Four Queens. We renegotiated some bank loans, because Jay had been able to get bank money for the construction, and that debt stayed in place. It did stay in place until the mid-1980s.

So Victor Lownes had set the stage for what he thought would be the greatest high-roller place in the world. He believed that he was going to attract every big gambler from anywhere in the world to come. And it was called "Playboy." That was the name of the property, and they opened in April of 1981. I was included in a lot of the different things that happened during the construction, so I'd been back there, but I was never one of the directors, one of the people that managed the Playboy Casino-Hotel or had anything to do with selection of personnel, the management policy that was developed, or anything like that. And for the reasons I just told you, what sense was there in asking me?

The first few days were wild, loud, and people were all over. Nobody had ever seen anything like that with all the cocktail waitresses in bunny costumes. And, oh, people just went crazy over it. Oh my goodness, it was just *the* place. You couldn't get in, because they were *fascinated* with all these girls. I think they even wanted to dress the blackjack dealers that way, but I think the state stepped in and wouldn't allow that to happen. But everywhere they could, they had bunnies doing everything.

I think that somebody looked at it. I guess it was Bob Maxey, probably. He said in his final evaluation of what was the matter with the Playboy was that having the Playboy name attracted a certain kind of customer. They were young hotshots that liked to look at girls and had those kind of characteristics. And the

shahs and the high rollers, the huge purse owners, really, that wasn't their kind of place. That was not what they cared about, and it was this kind of medium customer that Playboy attracted. They wanted to be seen where they're supposed to be seen, but they also thought it was just neat to have all these women around.

They were trading on the Playboy name, and it was *not* a good identification for a gambling house. These were not gamblers. These were not the people that were, in their view, the high rollers. In England, you didn't have that. They were called Playboy, but they didn't have the girls running around that way. This was one of the first places, outside of the clubs, where they really were exploiting this, and I guess that in the final analysis, the perceived problem was that it was not where the big players would want to be seen, want to make a home, and would feel comfortable. Probably, in the end, that is true, although we didn't believe it then.

We also had to rely on a three-level layout, and we had to try to live with the logistics of that, which were absolutely enormous. We were into bus programs already. We'd have three thousand people coming at you at one time. How do you get them from the ground floor level, first of all, just into the first level of the casino, to say nothing of two more levels? Well, the first thing—the very first thing almost from the day we opened—we realized that there weren't enough escalators or elevators. We probably had two, maybe three, escalators that ran from the entry level up to the first casino level. Well, they spent all day in lines just waiting to get on escalators to get someplace or into an elevator to get up to another level. [laughter] Bus people don't walk. They don't walk. So we instantly took out every stair in sight, because nobody was going to walk.

It became a nightmare. Nobody knew or understood the market well enough to know that these were the kind of logistical problems we were going to have. So we had to hustle around and make some changes to try and accommodate the flow of people from one level to another. That was an enormous problem for us.

Considerable cost, I would imagine, too, to add four escalators.

Huge cost. *Huge cost.*

And the business disruption, the price of the escalators, everything.

Absolutely. I think we had some food service on the ground floor, which as time went on, we enlarged considerably, but all of our restaurants were accessible by escalator but were on the fifth floor.

On which floor?

On the fifth. The first level, by requirement, had to have no gaming on it. So you had to have a floor with no gaming. You had to have a certain number of feet between the gaming and the access to the property. In order to accomplish that on our particular-sized piece property, we had to develop our hotel desk on the ground floor, and then the second level was the first level of the casino. The third level was the second level of the casino, and on the fourth level was the third level of the casino. So then, the next level up was where the restaurants were. Talk about problems.

But the plans were approved. [laughter]

[laughter] That's right. The plans were approved, and we could just hardly wait to get in business there.

Because the Shah of Iran was going to come and spend lots of money.

When we opened, both Elsinore and Playboy were given traditional gaming licenses in New Jersey. These licenses need to be renewed every year. It isn't until recent years, just when I was leaving Atlantic City, that they now do it every two years. But if you go back for your license and you have the same level of people, you're scrutinized almost as much, if not as much, and maybe in some cases more, when you go back for your next licensing each year. You have a hearing, and you go in before the commissioners, and you tell your story,

and you have the same kinds of questions being asked by the enforcement division.

In Nevada, once in a while we come back and update our license. In New Jersey, every year you had to resubmit that whole license application, updated for what had happened in that year to you, personally, and then have it all reviewed by the enforcement division as well as having a total in-depth review of every number you generate on that property. So just to prepare for your license hearings takes two to three months, just to get yourself ready to go back there before that licensing board and be heard.

I'm a little confused. You had an interim license? Both corporations had an interim license?

An interim license.

And Playboy doesn't get renewed, at some point?

We went back for licensing in 1982.

During these changes—the initial ones of changing the escalator and all of that—you aren't part of that operation? You're still out here as president of the Four Queens?

But I am licensed as a member of the board and an officer of Elsinore. It's almost, but it's not quite, a key license in the state of New Jersey. I had gone through the rigors of being licensed there as a board member and an officer of the company.

In 1982, when Playboy went back [for a permanent gaming license in New Jersey], they had had a turn of fortune. In England, they were a bit suspicious and beginning to question their credit policies and practices. It finally had ended up, I think, that the British government, in order for Playboy to remain open in England, demanded Victor Lownes's resignation, from the British side of the company, anyway. Now in 1982, we go back for licensing, and this has all happened in that year 1981 to 1982, so Victor Lownes is really kind of a throw away.

Well, you could imagine how the New Jersey guys felt about this, now, when all of this surfaced—inappropriate credit procedures and all. Oh, my goodness. So we went for licensing, and of course, Elsinore was given a license, and Playboy was denied a license in April of 1982. The result of that was that Elsinore was appointed then as the operator of the property, and Playboy had to take legal steps to put their interest in the property into this trust. The trust was managed by a judge from the area, who was supposed to be the guardian of the Playboy interest.

The Elsinore people and whoever was appointed to be manager and hold other key positions at the Playboy hotel were told by the gaming enforcement people that they were not permitted any contact with anyone from Playboy. They could have no conversation with them. Playboy people were not welcome at the property. They really isolated them. Of course, Playboy instantly started commissioning a suit against the state. You know, "This is not constitutional," and all other kinds of things that they could think of. But the fact remained that on that day in April 1982, they were denied a license. They were, in effect, dismissed from the property. So Elsinore had to scramble around at that point to put management in.

In one day?

Oh, it was like in one day.

There's no management team.

No.

All of the Playboy executives had to leave, which left supervision and left departmental management, but it didn't leave any senior management.

All gone.

So there's no chief operating officer. Probably the chief financial officer had to go.

Everybody. Well, I don't know about chief financial officer. I'm not clear who it was.

So what did they do?

There was a romantic, foreign guy, but his experience in the gaming business had been in Monaco, and he was a very wealthy guy. Playboy had brought him in, but he had an impeccable background, so the regulators allowed him to stay. He was a handsome, very charming Frenchman, and he was a great reader and a good speaker and spoke with a British accent, which was just really terrific. I mean, what a front guy. He didn't know anything about casino operations, and he's one of these people that nobody ever saw at night. He just was the front on the whole thing, the face that was put out, and he was great. He was really a charming guy, but we needed something a lot more in-depth than that.

When Elsinore became the operator, Joe Amoroso and Jay began to look around for management of the casino and of the hotel, because they realized, of course, that the gorgeous-looking French guy with the great English accent was not what they needed there. They already saw that they were losing their market share. They certainly didn't have their market share, and I think it was 1982, because Joe resigned as president of Elsinore in 1982.

Arnie Fleischman had been a general manager with Hyatt and had opened and run the Hyatt Hotel Cherry Hill, which was in New Jersey. He had been hired away from Hyatt by the Golden Nugget, which made him president of their casino in Atlantic City. So Arnie Fleischman came to Las Vegas for training, and this is how I really got to know him. Although I met him at Hyatt managers meetings and stuff, I didn't know him very well. But he then came to Las Vegas and lived there for at least six months, perhaps longer, and went to school on gaming at the Golden Nugget downtown, so I got to know him. In retrospect, I think the Golden Nugget went down not very long after he had been there, maybe six months or maybe a little longer. I'm fuzzy on my dates, so I could be wrong on that by six months, but he had been there a year.

He came back to Hyatt then, and Hyatt hired him back, so he was in the stable of Hyatt

managers that were in reserve with Hyatt, and he was the only one that had any kind of casino-history background, knowledge. So the board of Hyatt and the board of Elsinore decided that Joe should make an offer to Arnie to come on board as the general manager. He became the general manager sometime during the year of 1982, and I can't tell you exactly what month, but anyway, he came on board.

As the year wore on, the Playboy property was not doing well. I think Joe was experiencing criticism by Hyatt. Joe was feeling inadequate himself, unable to do anything about what was happening in Atlantic City. He really didn't feel in charge, and he didn't know what to do about how to take care of it. I think he tried. Anyway, he felt that making this change and putting Arnie in there was a good thought. I think we called him the managing director in those days, because we had a partnership there. We didn't have a corporation. We had a partnership, so we called him a managing director.

Arnie got started, and I think he brought some good things, and probably the only profitable year we had at Playboy was during that first year that Arnie was there. That wasn't because Arnie was a spectacular manager, but it was that there was somebody there who really understood some of the things about Atlantic City and that the timing was great. It was still before there was much competition there, so we were beginning to realize a better share of the market. There was just so much market. There were just so many customers then.

There were five, six, eight casinos open then?

There were five opened when we opened in 1981, then the Golden Nugget and Playboy opened within days of each other. By 1982, in the period I'm talking about, there were probably seven or eight casinos. The Plaza had opened next to Playboy.

Well, the market was only about three quarters built out at that point.

Yes.

So you still had a larger share of the market than you would have when all of . . . ?

That year was not a great win, but we did do better. And Joe, with all of these things kind of closing in on him He had been extremely successful in his other ventures, and what he invested his money in and the things he had gotten into, that he made a decision in mid- to late-1982 that he wanted out. He didn't want to be president of Elsinore. So again, everybody looked outward.

It was just at that time that Bob Maxey had resigned as Steve Wynn's second man. He had gotten out. I guess he had had just enough of that life over there. It was always surprising to me that a guy like Bob had stayed around for as long as he did with Steve and Steve's temperament, most especially.

They'd been partners. They started with a trucking business partnership, and they'd had a fairly extensive partnership.

They were, as I remember them, distributors of beer, wine, and liquor in Las Vegas, and then they moved into the Golden Nugget and that kind of thing.

Though, by this point, they probably had close to a ten-year partnership or a ten-year working relationship.

Yes. At any rate, Hyatt talked with Maxey and then made him an offer to come over and take the presidency of Elsinore. He thought about it for a while. I'm sure he worried about Atlantic City, because it was common knowledge that it wasn't doing very well, and the stakes were so high there, and we had so much of the company assets there, and we didn't know what was going to happen with Playboy's lawsuits against the state. We had no idea where that was going to end. We had a partnership agreement where the partner who wanted to get out, for whatever reason, would be able to sell the remaining partner their interest at investment dollars or market price, whichever was greater. And that was really the crux of the partnership agreement in defining the dollars of buyout.

So Joe resigned, and Bob Maxey came on in late fall of 1982 as president of Elsinore. Immediately, he set up an office in the Valley Bank building [in Las Vegas], which was a corporate office for Elsinore. In fact, Jay Pritzker really wanted him to put his office in Atlantic City, because he said that's where the problem was and wanted him to go there and live. But Bob, having worked through the whole Atlantic City scene with Steve and finally having gotten himself away from it Well, he disliked the environment. He disliked being there. He disliked living there. So he finally got to come home, and he wasn't about to give that up. That was not going to be one of the conditions under which he'd come to work. If they wanted him to come to work, he was not going back to Atlantic City. That would not be part of the assignment. So he'd go to Atlantic City, but he would not live there. Anyway, I guess Joe's desire to get out and Jay's desire to have somebody was strong enough that they went ahead, although Jay really felt that Bob should go to Atlantic City. But Bob stayed here, and he had his way, so he was hired.

Arnie was now in place at Playboy, and Bob would go there probably at least once a month and spend several days there, to oversee Arnie and what was happening. Then, of course, he spent longer there when it came up to licensing time, and he came up with some great new ideas.

Well, I haven't gotten Playboy out of there yet. So Bob became the president of Elsinore, and Playboy was fighting their legal battles through all of 1982 and through all of 1983. Nineteen eighty-three was the one profitable year we had at Playboy. Although it wasn't great, at least it wasn't red, and that made people breathe a little easier. And Bob was on board, and he was visiting there once a month.

Things were going along. They came up with some new plans, and they did a lot of things. At Bob's urging, the bank debt was refinanced and extended. They got a little money out of that, so they put together a few dollars so that they could do some renovations and make some changes. Putting in new escalators was a huge amount of money, and then they redid some of the restaurants. They

desperately needed more office space, so they did those kind of things. Really functional things that needed to be done got done. They also built an indoor walkway to the convention hall.

In Atlantic City, Pacific Avenue is the first street that you drive down, and then all of the casinos are located on the east side of the street toward the boardwalk and ocean. If we'd been smart, we casino operators would have been buying all the land running up and down Pacific Avenue on the other side of the street for parking, but none of us were that brilliant in those days. The first one was Donald Trump, who showed us how to do that.

Anyway, you come to Florida Avenue, which is an east-west street, and then there's a cul-de-sac at the east end, and the boardwalk's right in front. The entrance to the Atlantis [then Playboy] was down at the end of the street by the boardwalk. In order to enter the hotel-casino, buses, cars, and cabs had to come down this two-lane street (Florida Avenue), make a turn in this cul-de-sac, drop people off, and get out of the way, either by turning into the garage or going back to Pacific Avenue. We had to pay part-time, off-duty policemen to manage traffic out on Pacific Avenue for us for a while, because we were really creating such a traffic jam out there.

The Playboy-Elsinore partnership had leased all the ground underneath the building, which was an underground parking structure. It was there to serve West Hall, which was a convention-exhibit area that was part of the Atlantic City convention center. There were close to one thousand parking places underground that were ours, but the only access to get in there was to come down this little, narrow street.

On the other side of this, across Florida Avenue at the cul-de-sac, probably going back about several hundred feet, was the theater building. I can't tell you the exact number of square feet that were in the building, but it was a pretty big building. Above we had the ballroom, which was a convention area and was about 25,000 square feet. Underneath that was a state-of-the-art theater, so we had the ability for huge productions. There was production equipment both under and over

the stage. The equipment was state-of-the-art for that time, for almost any kind of stage or musical production we wanted. They got into big name entertainment in those intervening years between 1981 and 1985. They were hosting people like Wayne Newton and Steve and Eydie—all the names that were on the casino circuit in those years. So they were our entertainment.

There was some retail along the boardwalk there in the theater building that was across the street from the hotel building, and there were some shops on the ground floor. Then you took an elevator up to the showroom or up to the next level, which was the ballroom-convention area. We had a terrible access problem in there. They entered on the ground floor here, and all they had was an elevator to get upstairs. There were no escalators. They had stairways or maybe two or three elevators to go up. Well, that was totally inadequate. Absolutely inadequate. So one of the things that Bob did, which I think was great, was to build a closed walkway across Florida Avenue at the cul-de-sac so you could enter from the second casino level [the third floor]. I think it even took an act of Congress to get permission to build across. Well, we built an enclosed, air-conditioned, heated, nice-looking walkway, so you could walk across that street and get over to enter the theater building.

Actually, you were describing some of what Bob brought to the company. This was one of the things he brought, and this certainly was important, because the entertainment and the convention area stood away from the casino anyway.

That's right.

So that if you had somebody in there, you didn't have them in the casino. But you didn't create any traffic by any of these things, and this way, at least, you provided better access to them, but you also let the people in and out of the casino that way, too.

Yes, because they were departing to go to the theater on the middle level of the casino, which made sense.

And when the theater was over, they came back to you.

They came through this walkway into the building across the street, and they were right at the theater level. So that was good and also good for any events we had over there, because we then channeled all those people back to the casino. So we had the best of all worlds when we finally got that built and done.

Bob managed to pick up several pieces of property behind the theater building. The people who owned that property became real estate speculators, and they were going to hang on to this property, because they knew that somebody was going to come and pay them a huge amount of money for it. At any rate, Bob had somebody else working for him [on the real estate], so nobody thought it was the Atlantis or Playboy, and he managed to buy several pieces. He didn't get control of all of this land behind Pacific Avenue, which is what should have been done, but he did get some of it put together while he was running Elsinore.

What else had been done? They did some casino refurbishment. Bob built the top level or the third level of the casino. One of his favorite things that he did was to make that into what he called the Salon Prive, and it was supposed to be a very upscale place. The higher-limit players would be up there, and he put in a restaurant up there where, no matter what time of the day or night, they could walk in and get any kind of food, from bacon and eggs to lobster to the finest gourmet meal. They had all the service staff available.

And a special credit department up there and hosts and everything to make it comfortable for high rollers?

It had all the trappings. So money was spent for that.

And did that work at all?

No. I think people went up there, but it never became a favorite. Maybe there were a lot more people that were up there, but it never became the place that was known as somewhere where all your premium players

gathered. But Bob did some good things. In acquiring the property in back of the theater building, he was working towards solving something that was our most critical problem—not having any visibility on Pacific Avenue for the hotel-casino.

From Pacific Avenue, visitors could not see how they were going to get in here or get out of the casino. You couldn't tell. All you saw was a mess and a traffic jam. So, of course, what should have been carried out instead of doing anything inside the building was to have bought up all this property and built ourselves the access and the visibility to the hotel with some additional parking on that side of the street. I think my hindsight is probably the best, but that should have been done. That should have been done just as soon as we could have gotten the bucks put together to do it, because that probably would have changed things. Yes, we had three levels. We could have learned to live with that somehow or another. We could have put in enough escalators and could have done enough things to make our visitors feel comfortable.

Had we had the visibility from Pacific Avenue and had we had the parking to take care of a lot more cars there, we would have had an advantage. It was sought-after parking to be underneath in that garage in the cold weather. It was wonderful to have that underground parking. That was super, but there was not enough of it, and it was certainly not visible.

So much has to do with people's perception of a place. What they see is what they believe, and they make decisions based on that. There's nothing that you can do to change their minds. So given this little narrow street that they're looking at, they really have to struggle to get there. The public driving on Pacific Avenue was mad already, because Pacific Avenue was getting to be a parking lot, and then to look down this little narrow street . . . It would become almost the worst view that anybody could have of the hotel, and that was a real struggle. Bob did some good things, but he should have carried this out, I think. That's just my personal opinion.

But life went on, and we moved on to 1984. April came, and we were all before the licensing board again. Playboy had been

denied all the way through the New Jersey Supreme Court, so on that day in April, they denied Playboy's license. They just brought the gavel down. And Walter Reid was the chairman of gaming, and he said, "The day is over. No more licensing. There's no court to go to unless you want to go to the U.S. Supreme Court." And Playboy didn't want to. They'd spent enough money by then on litigation and the licensing process.

So the negotiations began for Elsinore to buy Playboy out. That was an interesting process. We found when we began our negotiations with them that the buyout was going to have to be done on the terms that the state dictated, because these were undesirable people now. They wanted them out, and they wanted them out as quickly as possible, and they wanted us to make a deal with them. They wanted us to make a deal at a flat, cash-settlement value. We could maybe have three or four years to pay it, but it would have to be a fixed amount. The payment would have to be a fixed amount, and it had nothing to do with cash flow from the property or anything that the property was generating. We had to make a deal with them based on numbers per the agreement.

With no relationship to the profit of the operation?

No.

So they couldn't be construed as being part of the operations. You also said that, some way or other, you got called in with the governor or somebody, and that you were absolutely forced to make this deal.

Oh, yes. Well, we could continue operating the way we were operating. We were told, "Elsinore, if you want to be here in Atlantic City, you buy them out. And do it fast." So, we did it fast. By summertime, we were already in the makings of a deal with Playboy. The amount revolved around, really, their investment. There was no argument about whether it was worth more or less. It was what went into that investment number on the books. I can't remember numbers now, as to what the final, negotiated price was, but we

came up with a number. The first installment of that number was due when we officially bought them out, which was November of 1984.

We had had poor years, and at the Four Queens we had gone through a couple of things, which I'll have to switch back to. We had built up huge cash reserves. There was a time at the Four Queens in the early 1980s, when there was a medium-type recession. I think everybody experienced it here in the state, and it was 1981, 1982. Interest rates were at their highest. The world was not being good to us. Nevada as a whole was experiencing a down side in those couple of early 1980 years, so we didn't have a lot of money. We hadn't built up a lot of money, and then we had taken a strike in 1984. In 1983 we had a short strike, but in 1984 we had a long strike, and that hurt our business. In fact, it was devastating to us for a while. So handling this Playboy buyout went way beyond our resources. We just didn't have the cash. Bob, who was very good at this, got together with Drexel Burnham. Drexel Burnham was, at that point, the king of underwriting gaming issues, if you recall.

Junk-bond guys.

That's exactly what they did

Same as Michael Milken.

That's exactly what they did for us. They did the junk-bond thing. We raised \$115 million from that offering. And then Bob, hating the stigma of having a teamster loan at Tahoe, took \$25 million of that. Some went into renovation, but \$20 million paid the teamsters—\$20 million to \$25 million of that—so there was no more teamster loan.

That's kind of the reverse of refinancing. He takes a 3 or 4 percent loan and pays it off with . . .

But remember I mentioned to you the IRS had this term "imputed interest"? That was not real dollars. That was only for tax reporting. I think that was accruing to our base but was reflected as income. It didn't have anything to do with cash. Well, I wasn't in his

shoes at the time. Anyway, the remaining \$90 million was the debt of the Playboy resort.

With that bond issue, we were able to make the first payment to Playboy in November of 1984. So we cut the deal with Playboy, and Playboy was gone. Then we turned around and changed. We had to take the Playboy name off of the casino, and we did new signage and renamed it, and that's an enormous cost. Until you really think about all the things you change when you change your name It was huge; it absolutely blew my mind just watching all that went into changing this name. People would think long and hard about changing their name, especially if you have an operation like we had there with as much on it, you know. "Playboy" on everything. We used that logo and that identification so extensively for everything we did. Now to suddenly say one day you're not going to have that anymore We had reasonable time to make the change, but I'm talking about the cost of making that change. Unbelievable! We had the Playboy sign and that little Playboy bunny that was on top of the building, and we took that down.

Then Bob did something clever. We made a video, and I think he did it on the building, where a little creature ran up and ate up the Playboy name, and then the Atlantis appeared. It was cute. It was a great idea. Then we had a long search for that name, and I guess it was kind of a forecast of what was to come to call it the Atlantis. You begin to think, "Why did we choose that name?" Were we already building in the death of it? You wonder when you think about it. Looking back, we went ahead, and everybody seemed to be enchanted with the name Atlantis, so the board passed it, and we all agreed. And so the place was called Atlantis. We did that fairly quickly. That was done in early 1985. We got the name changed, and the little creature ate up the Playboy name, and we were done with that.

Arnie's still in place at the Atlantis, although Bob is now beginning to have certain misgivings about our needs. I think, more than anything, he was having doubts about Arnie being the right marketer in this highly competitive market. Was he really the guy that could come up with the right plans to get us

through this? I think he was beginning to question those kind of things. And Arnie, I'm sure, was also going through some self-doubt, probably, about who he was and whether he was really the hotshot he thought he was and whether he was really the guy that could get the job done. I'm sure that that had become an issue with him, and sometimes when people begin to doubt their own self-worth, their behavior patterns change, and they do kind of crazy things. I saw evidence of some of that, too. He just became, I think, disappointed and not sure of himself in the end, and I think that that's too bad. But did he deserve it or not? Yes, he probably did.

Before the end of 1984, Bob had made up his mind, and he was already looking around for someone to put into that spot. He had met a fellow in Atlantic City, Ron Azzolino, who was the second man to Peter Boyington, who's been at Caesars forever. Is he a Caesars guy?

I think so, yes.

Anyway, Bob hired Ron. Bob asked me to sit in on the interview, and he was good. Ron had been the second-in-command at Caesars, was a good-looking guy, spoke well, was an articulate person, a numbers guy, and very well-educated. He'd gotten a job at Caesars. He had headed up a bank chain that was big in California. I believe the name was Security Pacific Bank. He built that bank, and then he kind of went through a time, like he explained to me, where he didn't know whether he always wanted to be in the banking business when he grew up. And now he'd grown up. Now that he had, he thought he'd like to do something else.

He had gone to school with Terry Lanni, and so Terry Lanni and he met one day accidentally. They got together and chatted about old times and all. Ron was beginning to talk about his disenchantment about where he wanted to be, and I guess Terry, sensing that he wanted to make a change, began to look at him and say, "Well, maybe you can come and work for us at Caesars." I don't know. Banking is a highly regulated business, and we're very regulated here, and he would instantly understand the importance of that,

and that would transition him in a certain way with the background that would be valuable to the casino.

As history will have it, at the time Bob talked to Ron, Ron was the hated guy there [at Caesars], not well-liked, and if the truth were known, he was on his way out. Well, Bob talked to him, but Bob was impressed with him, and I'm sure that nobody at Caesars was going to say anything about him. So right at the end of 1984, he was hired to replace Arnie, and Arnie went away with his going-away present. So Ron came aboard and officially took over in December of 1984.

Business was not getting any better. Business was, as a matter of fact, declining. Needless to say, all the members of the board were very concerned about what this was going to mean to the company as a whole, where it was going to take us, what we could do to change it. We had just taken on this big debt to buy Playboy out, and it seemed that we were going to have to continue sustaining the Atlantis, somehow. I'm sure selling it was thought of, but given the numbers, nobody's around to pay that kind of bucks for something that on paper didn't show a profit. Only some big gambler might be interested, and then he probably couldn't get licensed. So it was a go-nowhere situation for our company. Those were kind of gloomy days.

The whole company is now threatened. This threatened Four Queens, Hyatt . . .

Well, yes.

Nothing is stable because that strained all your resources.

Right. And what are we looking forward to? Trying to pay Playboy off, trying to keep our own debt service up on these \$150 million of bonds the company is now obligated for. It's scary.

Pretty good interest rate on the bonds?

Around 15 percent, yes.

Healthy.

Well, huge payments. When I look back at those days, it was just incredible. And if we'd been able to look ahead to the next year, we would have been even more scared. It was frightening.

In talking about buying out Playboy's share, you didn't say how many payments there were. Do you remember about how much money was involved with that?

Yes, I do. Three years, approximately. I think it was around \$45 million to \$48 million which they considered their equity.

Yes. Bob Maxey had raised the money . . .

Through the bond offering.

And you made the first payment in November of 1984.

Right.

And in that same time period, he replaced and brought in . . .

He replaced Arnie Fleischman with Ron Azzolino from Caesars. Yes, so Ron came on board. Now I guess I'll ask you if you want me to go back and fill you in on what was happening at the Four Queens during this intervening time before Bob resigns, because we're approaching that. I can't tell you much more about Atlantic City until I get there.¹

Yes, let's go back, because for one thing, we have an unfinished story.

Right.

You came to this part to tell the story because you said it was relevant to you selecting the next casino manager.

Exactly. So now we're back in 1982, 1983 at the Four Queens. Bruce Meyer was kind of abrupt, impulsive, and maybe at times absolutely inappropriate in dealing with the employees. When Bruce was made casino manager, I could see these traits starting to

come out. "I am *the* man, and I can talk to anybody, meet anybody, any way I want to." And he became, in my view, a real bully—one of these guys that had favorites and that didn't deal fairly with the employees. I was trying to create something there, because I believe in that, and he just jumped off the other end. Someone I viewed as being progressive and in tune with this kind of management suddenly turned and was not that kind of management at all once he got the title, or at least that's what I attributed it to. And he felt that it paid. "Charlie and my other models that I've watched can do these things. Why can't I?"

It got so difficult to deal with, because I couldn't have a guy running around wild like that. I just didn't think it was good for the casino. It certainly didn't continue the kind of vision about management that I had of making it a team effort. You deal with all people the same way, you don't show partiality, you're willing to listen to both sides of the story, you're listening, and you have some feeling for the employees and for their problems. I didn't believe in ruling with fear and threats. That wasn't at all my style of management, so we had lots of discussions about it, believe me. He always played it off to being impulsive, and he lost his head, and he wouldn't do it again, and he wouldn't be that way, and then it just seemed that the pattern continued.

He'd probably been in the job maybe a year, a little longer, when I just felt that he'd done one thing too many, and I can't even remember the incident now. By that time, we were in Atlantic City, we were open and operating, and so I told Bob that I wanted to make a change. I said, "Do you have any thoughts of anyone that you know? I'm looking, because I haven't been successful bringing someone up within, and I think we need to go outside. Maybe we can find an 'enlightened' manager."

So Bob, knowing and understanding what I was looking for, said, after thinking about it, "You know, there's a fellow that I have working in Atlantic City at the Atlantis, and he's a shift manager. I think he would have the qualities that you are looking for." He came up through the Harrah's organization, worked in the north for years, and then had gone to Atlantic City

and had worked in the Atlantis, I think, from the beginning, as a floor man, and then worked his way through the process. And at the time that I was talking to Bob, it was sometime in early 1984. In 1984, this person had become a shift manager.

So I said, "Great! I'd love to talk to him." I think we had him come to the Four Queens, and I visited with him, and I was truly impressed. He was a little man—unassuming, short, small guy, very straightforward. His name was Paul Hayes, and the instant you talked to him, you knew he wasn't going to try and tell you a story. He was really straightforward and honest.

Bob pointed out that in Atlantic City, the state, or the regulators, were seeing that the people were being managed with this 'enlightened' approach—not the old-type casino tactics of the favoritism and the bullying and all the stuff that went on. He said, "You know, that's being mandated there, anyway. He certainly has come up through the ranks in this and does understand the process." So given all of that and my liking of him when I met him, we made the change. I told Bruce that he'd done it one too many times, and that was all, and so he was on his way, and we brought Paul in.

How did he react?

Totally shocked. He said, "You can't do this."

And I said, "Yes. Hey, Bruce, I talked to you and talked to you about this, and I just can't go on with it." I didn't leave any openings. I didn't say, "But one more time . . ."

Were you tempted?

Well, yes, because I liked him. I always will like him.

You chose him.

Yes.

You looked out and said, "He looks right, he acts right."

Oh, yes. I felt bad the day we had to have that talk.

What did he do?

He didn't work for a while. The first time that I heard he had surfaced I think he had a shift manager job at Whiskey Pete's. We call it Primadonna now, but it was owned by the same people. That was just beginning to thrive out there. He went to work out there and then ended up working at the Imperial Palace as casino manager for quite a few years. Anyway, he worked over there, and then I guess somebody told me that he just decided to get out of the casino business, so I don't know what he ever got into, and I haven't heard of him probably for the last four or five years. I don't know where he ever ended up, or maybe he got out of the business entirely.

When Paul Hayes resigned from the Four Queens right after we came back from Atlantic City—1990 or 1991—he and his wife had saved enough money that they bought a printing business here. It was like a franchise operation of some major printing company, and he's got a *big* business now. He's got all state-of-the-art equipment. It's like Kinko's or one of those—PDQ or whatever—and he's done very well with it. So I'm happy to see that, but he just said he couldn't take that. He told me, "I don't want to live with this casino mentality. I've had enough. I want to get out. I think it would be better for me and my family if I did."

In the transition with Bruce, did you do a severance package?

I think I gave him probably a couple months pay. It might have been three months.

Now those jobs are more apt to be contracted, they're more apt to have some of those conditions specified. But at that time, it was day-to-day.

You woke up on one side of the bed, you could go down and say goodbye. Yes, you're right. You're right. You could just do it. Now we'd have to really That's how far all this

enlightened management has taken us. Probably very good, though.

Paul had come from Atlantic City, and one of the things that I did notice about Atlantic City people was that the people who were being hired and groomed in those casinos there considered this much more of a career than did the people in Nevada. They were aware that it was a life's business. At least in my experience in those days, when you talked to people that were in the Nevada casinos, particularly in the Las Vegas casinos, they weren't viewing their life in the casino or their job in the casino as being a career job forever. They were always on their way somewhere else, or maybe they were going to do something else.

Like the banker when he grew up.

[laughter] Exactly. But here were these people in Atlantic City. Maybe it was just the eastern influence, because people lived in the same area forever. They didn't travel. They didn't come from somewhere else. They were always there, and they had a mindset that if they got in the gaming business, it was a career for them. They wanted to advance in that career and live and learn there. I certainly saw that difference there versus many of the people here in Las Vegas.

There was a general job expectation in Atlantic City that they were going to go somewhere with this. They were going to achieve some goals. Depending on where they were, whether they were a dealer or in the rooms division, many of them hoped to get some kind of a management position. The salaries were pretty good, so they viewed that as being a place that they could probably live very nicely. I think that there were those kind of incentives for them.

They all held licenses there. Every single employee was licensed. In New Jersey there's a lot of licensing that you go through; that is, everyone who works in a casino. I don't care whether you are a cocktail server or a clean-up person. If you work in the casino, you get licensed. I don't know whether it's worth anything, but it does seem to give them a different feeling about their job. I don't know

whether just being permitted to do that or finding that there was a level of approval needed to be there seemed to make them feel more privileged because they were working in the casino. I don't know, but I found that to be kind of an incentive for a lot of those people to be more careful about their job and to want to do what was expected of them.

It seemed that so many in Nevada—in Las Vegas, particularly, because I don't know about northern Nevada—were on their way somewhere else. All of them had some other expectation of where they were going and what they were going to do. Not all of them, of course, but certainly a much larger number of them felt they would be somewhere else or that they had some other goal in mind.

Anyway, bringing Paul out of that environment brought a lot to the casino. He certainly calmed the people down and became a very good, stable, casino manager. I mean, he really did. He wasn't a particularly suave,

charming guy. He's a very nice man, but he wasn't a real host kind of person. But he knew the nuts and bolts of the games. He certainly energized his people to give service. He understood the need for service, wanted that to happen, and was very good about that. Watched the games, knew the games, was very nice to the customers, but he wasn't one of those glad-handers. There's so many of them around that really impress you with their ability to charm people. You wouldn't come away saying that about him, except you'd say that he was a very nice man. So I was fortunate to get him.

Notes

1. In 1985, Jeanne would be president of Elsinore, and she would go to Atlantic City to try to correct problems at the failing Atlantis.

LAS VEGAS UNIONS

Paul helped us a lot through some really trying times that were to come. In 1983, members of the Nevada Resort Association (NRA) collectively locked out members of the teamsters' union after union negotiations failed and the teamsters' contract was up for a renewal. They were being very unreasonable about their wage expectation and particularly the benefits that they expected. The contract had been negotiated to an impasse. Nobody could talk to anybody. Before we locked anybody out, the union made the decision to selectively go on strike in several properties. The Golden Nugget was one, and then there were several properties on the Strip. They only did two or three. Looking back on all of it, there was no way they had the power to initiate a citywide strike. They couldn't do it, but I guess they thought they would rock our boat enough that we would come to the table and meet their demands. [laughter] Many of us—but not all—locked out members of the unit that was striking. On the Strip, I'm sure they chose the same departments. They chose valet and the engineers. There were teamsters, and they made those guys walk off the job in three, possibly four, properties.

Do you remember which Strip property?

No, I don't. Some of them caved right away, though, I do remember that. We then met and said, "All right, we're going to lock out those particular classifications." So we locked out in retaliation for their striking the Golden Nugget and the other properties. We locked out our engineers and the valets. We all swore blood and sat around behind closed doors and said, "We'll never let them back in," and, "We're going to keep this up." Well, before we turned around, somebody on the Strip had already broken down and let them come back in. So everybody caved very quickly on this thing. It was only a matter of a few days, and everybody caved in. I did not take that battle on, and it was probably best I didn't. So they came back to work, and we fought and argued. Finally, we came to some kind of a meeting ground.

In the meantime, Steve Wynn never got over the fact that he was the one struck. [laughter] He was so mad about it, that he kept that going. He said, "I'm on strike. Mine's an individual contract, and I am on strike." He finally, after years, got the valets and the engineers decertified. It took him years. Of course, in the beginning there were large numbers of pickets around his property. By the time this went on for years, though, maybe

there was one guy walking around, one poor, lone person walking around there with a sign. It didn't mean anything, but he took them on, and he did finally get the valets and the engineers in his property, which was great for him. It really was. It was terrific that he was able to do that. So they [valet and engineering classifications] chose to decertify and say they didn't want union representation.

OK. The next year comes, and the culinary contract is up for negotiation.

You actually did negotiations?

It was negotiation. So we had a lot of soul searching amongst all of us as to what we would do about this. If their demands were so outrageous that we couldn't meet them, what were we willing to do? Were we willing to take a strike? Were we willing to stick to it? So we negotiated this one to an impasse as well. In April of 1984, they—meaning the culinary union members—walked out of all the NRA properties. They marched out. We had had a good year, a fair year, in 1983, and 1984 was shaping up to be a fabulous year for us, just what we're doing and what we were looking ahead to. And they strung us. We had an absolutely jam-packed hotel for weeks.

Hugo's, in my new, redone Four Queens, was a restaurant that had become one of the most popular in town. It was a very nice restaurant and gained a lot of popularity. There were already enough reservations to turn it at least twice every night. On the weekends, we could turn it three times and sometimes more than that—150 seats. So that was pretty good. It was nice, not a low-ticket place.

We had our nice, little coffee shop with about 225 seats, not staffed. We had an ice-cream parlor, no staff. Got a whole hotel, 700 rooms, no staff. The only people that were not in the union in the hotel side were the inspectors. That was it. Even the people that would be assisting the inspectors were all union. It was a nightmare. The hotel's totally occupied. Every room was rented out. We were having some huge event, I can remember that. And so there we were.

We pressed every person we had into service. Some people never slept for a couple

of days—almost never for several days. We kept the place open. Somehow or other, we kept it open. It was really unbelievable what we went through, and I will forever be grateful to the people that worked there for that, keeping us open and working as hard as they did. Of course, the guests would have to make their own beds, some of them, because there was no way that we could service 700 rooms with the people that we had. Dealers would come in. All the non-union people that were in line jobs that were on specific shifts or hours would come in. Even foremen were in there making beds. [laughter].

Right after the strike started, we rallied our personnel department around it. We would ask everywhere, we called everybody we knew to try to get some help in there, and we managed to get a few people to start working in the various positions. We finally got enough people put together. I had my kids working. [laughter]

We had to close Hugo's, of course. We put up a buffet in the coffee shop, and we fed all our customers as best we could with this buffet line, which was terrible. It was awful. Anyway, we got some food for them, and everybody laughed about it. They accepted it fairly well. Well, time wore on, and I hired more and more people to fill in. Finally, I was able to get the coffee shop open, and that opening was rugged at best, but we finally got it up and operating fairly well. We finally got Hugo's up. It probably took four or five weeks before we got Hugo's open.

How long do you suppose it was for the coffee shop? A couple of weeks?

Oh, yes, at least two or three weeks. We got the coffee shop open, and we got Hugo's open. We began to fill in with maids. In the meantime, everybody else was in the same boat, but everybody stayed open. Nobody closed their doors, as they had in the past. During other strikes, the hotels would just close. We kept our doors open. All members of the NRA did that here in 1984 when this happened.

So after, I would say, pushing sixty days into the strike, all of us were still operating in

the same mode. We began to hear rumors that Hilton, particularly, was having discussions with the union people there in Hilton's ranch up in the middle of Nevada, where nobody's supposed to know that they were up there. But of course, a lot of people did, and they knew that they were probably negotiating some kind of contract with them. At any rate, this went on, and as it turned out, Hilton was the first one to give, and they signed a contract. Caesars went in right behind them. And one by one, within days, all of those properties out there and most of the properties downtown signed contracts. I guess they worked out what they felt was something they could live with in terms of wages and benefits.

All of the NRA properties who agreed to the contract did negotiate one particular thing, which was particularly offensive to me—that all returning strikers would be reinstated in the same positions and same shifts, same days off. The fact of the matter was that in order to keep operating during the sixty-day strike, I had to hire new employees to take positions that were open because of the strike. In some cases, the new hire had been promised the position. Also, shifts had been given to others in the department or to strikers who crossed the picket line and agreed to come back to work unconditionally (no wage change, no work-rule change, no benefit change—in other words, no contract). At the time the negotiations for contract terms began with individual properties, which was about sixty days after the strike started, the settling properties agreed to this condition.

I just could not agree to do this. There were about 10 percent of the positions in the culinary unit that would be affected by this term of the new contract. So when my first meeting with the union was scheduled to negotiate this, I said, "Well, tell you what. There are about 10 percent of the people that I've made commitments to that I need to keep in the same positions, but otherwise, the other union members can come back to their same jobs and shifts, and then we'll go from there."

The union said, "Well, you've got to turn everyone out [who was hired during the strike]."

I said, "No, I can't do that."

The union then said, "We're going to continue striking. That condition is non-negotiable."

So the strike went on for us. The California Hotel and Sam's Town had the same position. We were the only three that ended up doing this, and we all stayed with it. Months went by, and every month we would meet. And of course, as the months went on, there were fewer and fewer jobs available for strikers. The next month, let's say, 80 percent of the jobs remained. Next month, there were 70 percent of the jobs remaining until finally you work through close to a year, and there were none left.

Oh, they tried everything. They were so terrible. They would burn me in effigy, and they would carry a figure of me on a coffin around the hotel. I was the wicked witch. They had the kids out there calling me names. Now it became a real responsibility for me. I wasn't going to let this happen, and I guess I had everybody inside convinced that I was going to keep it from happening. Those people were never going to walk in there again, because everybody would come to me and say the best thing that can ever happen to this place is that those people never come back in here again. [laughter]

So it went on. We met with some of the old-time . . . I wish I could remember the guy's name. Bob Maxey and I flew to San Diego and met him in some hotel room down there, and he said, "We can work on this, and we can do all of this. What are your terms?"

I said, "Well, right now I've got 60 percent of the jobs open, and certainly we'll welcome the people." The employees on the line were making unconditional offers to come back to work, and when you make an unconditional offer to come back to work, there's no assurance in that that you will get your same job. It was just one thing after another. I will remember most incidents that happened. It was a real turmoil time in our life at the Four Queens, but it built a great team inside. I will say that.

And the employees knew that you were fighting for them. At this point, they knew

that what you were fighting for was to not fire anybody who had helped.

Exactly. I made it very clear to them. I let them know every day exactly why this was still going on at our property and not at others, because I wouldn't give up on them. Well anyway, I'll fast forward and bring you to the summer of 1985. I can't even tell you how many requests and how many letters were written and how often we asked for an election to be held. Once the year passed, those that were on strike were not permitted to vote. So it then became a contest. Those within the hotel in the job classifications that were culinary union classifications were the ones who would vote as to whether they wanted to be represented by the union.

We finally got permission to conduct an election on the property in July of 1985. We had NLRB [National Labor Relations Board] representatives there, and they held the election in that meeting room that I told you we'd made on the mezzanine where the front desk had been. I probably didn't sleep for a week before that election—I'm being facetious a little bit—because I tried to meet with every person in that hotel. I went through the top of the hotel to the bottom of the hotel to be sure that everybody understood what the argument was.

There were a lot of things that you couldn't say, obviously. You can't say, "Well, I'm going to give you more money," or, "I'm going to give you anything to vote for us," but, "I want you to understand the issues." But I had a great story to tell, so it went over well. We won that election thirteen to one out of about six hundred people. That was pretty significant. We still had an alley left in the back of the casino, and we burned the contract. [laughter] We acted like real nuts. Oh, it was just crazy. Anybody that wanted to come could come. It was really an unbelievable victory for us.

And the vote was a decertification of the union at this point?

Yes. So they left. They walked out, and they looked at me and said, "We'll see you in a year!"

I said, "I don't think so, but fine if you think so." I am sorry to say that last week the union went back into the Four Queens.

But believe me, being non-union is a lot of work. Nobody can just say it's a quid pro quo and you've got everything settled for you, because now you have to establish a court within from their own peers and have supervisors that handle the grievances and the discipline. You have to be sure that people are impartial in that they're not going to show favoritism and be influenced and be biased by whatever. And really, it's a tough balancing act, but it was well worth it, because we truly had the allegiance of the employees.

Somebody was looking into buying the Four Queens at one time toward the end when we were in such big trouble after I came back from Atlantic City. They were union, and we weren't, and by comparing the job classifications, the benefits and the salaries that we were paying, they figured out the difference in what that meant in those particular areas where we weren't union and they were. It was really an amazing comparison, so I felt good even that long after we had done it. It was really rewarding in a sense. And there may be a way to manage with the union. I'm not saying that you can't have an excellent operation with the union. But I think that to build the true caring and team spirit and really being able to talk to your people, you can do it in a much better fashion without the union than you can with the union.

You said before we started the tapes this morning that oftentimes, in your experience with union properties, that the managers gave up.

Yes.

And they didn't try to . . . Because I asked you if you were ever back to the point where all of your employees felt like they were all part of the team and they could contribute as individuals and they owned part of it and their job was important. And you said no, you thought you'd never quite made it, but that in a union, you said it was harder because the

managers just simply gave up. They didn't try to motivate people anymore.

No.

They said, "Well, we can't."

And it was a lot easier to rely on the fact that they couldn't. I'm not ready to say that that's really true, that it's 100 percent, but if you had everybody working on all gears and doing what they should be doing, they could work with them. I don't know whether they had the same relationship with their employees that . . . I think we managed to get or have as many on board as we managed to have on board if you were a union place. Through all of this, of course, our supervisors and department heads learned how to deal with discipline and terminations, how to coach people, how to try to make them see a better way to do it. We really worked on that, and we were able to, I think, get a great deal of production out of everyone.

Did the strike hurt you a lot financially?

Oh, that side of it, yes. The first ninety days were awful. I mean, we had to lose 25 percent of our revenue in the first ninety days. It was terrible. But I will tell you that after those ninety days had passed, others had settled, and the union was still striking our location. Pretty soon, you could just see a turn in the next month. The fourth month was better, the fifth month, and gradually until probably before the end of the year, even with all that ruckus going on around us, we were back to where we had been in terms of revenue.

So it initially has a terrible impact on you, but people get tired of seeing it. They don't understand it. I would hear people walk by, and of course the building is right on the street, so you can see the people interact, not like out on the Strip. Here the union people couldn't come on the property, but they're right at your front door and literally blocking it. I don't mean actually blocking it, because we would get injunctions to get around that. The union never did, to their satisfaction, get to really block the doors. So I guess you know who's the winner.

Do you ever compare your experience to the Frontier and the Aladdin's experience?

No, I never thought . . .

They're in their fifth or sixth year of this?

Oh, I'm sure they're doing very well. I'm sure they're doing as well as . . .

Like you, they probably had about a two-year period of time where there were still incidents where the union was doing damaging things, on the streets, attacking people. But that's kind of past, and they're probably down to, like you said, one poor little picketer.

Oh, God. You'd think the union by now would learn and have some pride in what they looked like, but they put up these little kind of shacks there—just disgraceful looking, and they're always a mess. Nobody ever seems to take responsibility for cleaning them up. They always looked terribly messy, and everything about them is so disorderly, and they have no pride. It's amazing. They have these little shacks sitting around on the street out there by the Frontier where they stored their picket signs. You can barely see anybody walking up and down, although this year they have initiated some pretty aggressive things.

The flight attendants were here last week or the week before. They had a convention here of flight attendants, and they all went over there and got a couple of hours of press marching around and chanting their chants—their union chants—and doing all that kind of stuff that they do. So they have selected dates when they have sympathetic people in town. When the postmen come, the postmen always go over there and spend a couple of hours doing that, and then they get a lot press, and there's a lot of publicity about it. I'm sure the union tries to get that in every city—how they're striking the Frontier.

Did they ever do that to you? Do you ever get any of that?

Oh, yes. Brought them down in buses! And on our little street, oh, my God! Well, we had to gear up for that and live through it.

Sometimes did you feel, as these things suggest, that this is just a pawn to the union? They don't care about the results of this election, but they're using it to build their union drives in other communities.

Exactly. Union leaders are in a business, just like I'm in a business, you're in a business. You want your bottom line to be that, right? That's what the union is about. And the way the union gets their bottom line to be better is to have more members. So getting more members at any cost is their goal. No matter what you have to say to people to get them to become members and stay as members is OK, because they're building their business.

It's unfair, in a way, because the union people are allowed to say and do things that we're prevented from saying or doing, because we're "management/employer," and they're poor, downtrodden workers. So they get to say these outrageous things that there's not one grain of truth in. But you'll hear some guy out there just yelling his head off that we had lowered their benefits and that we've cut their wages to minimum wage. He's just shouting it all over, telling anybody who will listen to him. You're standing there looking at this idiot saying these things, and people think, "They did? *They did?*" to the guy walking down the street. So you see how insidious it is? The union doesn't care about the workers. They don't care one bit about the workers. They care about getting more dues dollars into their coffers. That's what they care about.

Who was the union representative? Was that Al?

Not Al Bramlet. Al was here when Dave was around. Jeff McCall was his name.

What kind of a negotiator was he? What kind of a person?

He was kind of a decent guy. I thought he was kind of a decent guy up until And there are people that work for the unions that are OK. I guess where I see the I call them educated hoodlums. Let me explain. Ed Hanley is the president and CEO of the

Culinary International Union. There have been numerous, numerous senate investigations about his mob connections. I'm sure he's had them, but he's been able to skirt that issue. I am sure that during the time that we were at strike and those years in the 1980s and 1970s when we were paying into their health and welfare plan that there was an enormous amount of money being skimmed out of that plan. They moved the plan administration from Las Vegas, and I'm sure they did many cities. They moved the whole administration of that plan to Chicago. And I don't know what kind of big black hole there was back there, but they just raided thousands. They probably had to clean it up, because there had been so much scrutiny of that now. In those days, they probably just really socked it away. They were just skimming off of that plan, like charging huge administrative fees. They just managed to escape the question of having somebody really focus on that.

Hanley, in the late 1970s and the 1980s, managed to get a message out to young guys graduating from Yale and some of the eastern schools. They made it a call to arms to come on board and be organizers and help these poor people that needed help. There was a guy, Vincent Sirabella. He was like Hanley's second, the next guy to him. They did a really great job in managing to collect some young, issue-oriented kids—young people that wanted to grab a hold and do some good and help some people—and getting them brainwashed, I guess, and sending them out on the road to organize it. They did a damn good job of it. So here were these nice-looking young people out there fighting the union battle. And believe me, they were. They were great-looking, articulate. So I called them educated hoodlums, because I thought some of the tactics they used were hoodlum tactics. But they were following what they felt was their responsibility. They had gotten their arms around an important social issue, and they were really fighting for it. Kind of interesting how that all shook out.

But anyway, we had a great victory when we were able to decertify the union, and we worked hard at keeping those employees on board. A lot of people said, "Well, how were

you able to go to Atlantic City and have your group hold together?" I went to Atlantic City two months later after the strike was over, and that team that was there had fought this battle and were so together and so much of a team.

They really kept things going. We had some of the best years we ever had at the Four Queens from 1986 to 1990—highest earning years we'd ever had.

MARKETING AND ENTERTAINMENT

The strike is over in the summer of 1985?

Yes.

So by now, your team is completely new.

Yes.

Your chief financial officer retired, I'll bet.

He's gone. I went through several of them, but I had new people. Jack Cummings had died, so I had a new keno manager, Ron DeWitt. Jack DeBorde, the slot manager that I've told you about, was still on board. The casino manager was Paul Hayes. He was still on board.

When I revamped and built the new Hugo's and the larger coffee shop, I had hired a guy from Hyatt who had been a Hyatt food and beverage guy, and I brought him here. I liked him, and I thought he could do a good job for us, so he worked for me through the early 1980s. He did a job in getting those restaurants open and providing the quality food that I thought we should have, and he really did a good job. He hired a chef from Hilton who was a good guy, and he came on board not long after the Hyatt food and

beverage director was hired. The director had hired this fellow to be our chef.

Around 1983, Ed—the food and beverage guy—got an offer for a job as a general manager of a hotel in the east somewhere. I think it was in Atlanta, not a Hyatt. Another company offered him a job. So he came to me, and he said he was going. I don't think he really relished the whole prospect of this strike, because there were strike talks looming, you know. So Ed went on his way. He left, I think, shortly after the strike began.

So this fellow that he had hired as a chef, whom I liked very much, was a good guy. And so I began discussions with him when I learned that Ed wanted to leave. He gave me a month or so before he left. This new fellow, this chef who I was about to promote, was named Ed as well. So we had lots of conversations, and I really felt that Ed—Ed Fasulo, the new chef—was a real people person. He seemed to get in with the people. He was kind of a leader type without the education for it, but he was just one of those guys that could see things pretty clearly and make decisions, and he was very popular. He knew how to lead people. He wouldn't take any nonsense from them, but he knew how to lead them. He was a good coach to teach people. He had been there

himself, and he was able to influence people. They might grumble a little bit, but sooner or later they would come around and see that what he was saying or how he wanted things done was a better way.

He knew layouts of kitchens extremely well. He understood food service very well. He was good in the bar service as well. I was very fortunate to have him, because he had been with the company now for several years, so he was able to understand the strike problem. I didn't have to go outside and bring someone new in. I probably wouldn't have found anybody, because it was actually their department that was one of the largest classifications that were out on strike. So Ed Fasulo stepped up to the director of food and beverage very nicely.

I never have touched on marketing throughout the Four Queens era, and I should. In 1978 and 1979, nobody thought too much about marketing.

You probably didn't even have a marketing manager, a marketing director, like a PR person.

We didn't. We had some guy that would call in an ad. We had a PR advertising guy, Dick Odessky. I don't know if you remember the publication in Las Vegas named *Valley Times*.

Yes.

Bob Brown owned it, and Dick wrote for it. So I got myself in a lot of trouble because he was my PR guy, and he was putting articles out that were, at times, very critical of some of the leaders in the industry. [laughter] And I can remember, Dick once referred to Steve Wynn's revolving door of casino managers. Steve called me and said that that was a cheap shot. [foot stomp] "Goddamn it! Put that guy to sleep. Don't let him write any more, or fire him!"

I said, "Steve, I'm not going to shut him up if I fire him. He's still going to write, whether he's offed here or anywhere else. He's going to write." Steve was just running through casino managers like there was no tomorrow. It's a funny story. But anyway, Dick was, and remained, our employee. He was an excellent writer, but he was hard to get along with. And

I don't mean hard to get along with in the normal sense. He made friends, and he was pretty accessible to all the people, but I don't think I got his full attention. He was a writer, and he always wanted to write books more than doing what he was doing. Again, like so many people, he was on his way somewhere else. He wrote the most wonderful eulogy about Dave for the newspaper. Really, it was a marvelous commentary which I said I would always keep.

And now with all the things that have happened to me, the most awful of those was a fire at my house where a lot of the things that I had were destroyed. Some pictures that were near and dear to my heart were hurt in that fire. I have never really taken the time, because all that happened when I was in Atlantic City. Since I came home from Atlantic City, I've had one thing after another happen. Of course, the house ended up being so badly damaged from the fire that it wasn't livable, and looking at the whole thing, I didn't think that I could rebuild it for anywhere near what it would take to build a new house. So I just said, "Take it away. Tear it down." So it was torn down. But I must find that article of Dick's so you can read it.

Dick Odessky did some advertising, but that's about all he did. He advertised the little things, but we really never did any true marketing. So when Dick was going to leave, he was going to move to New Hampshire or Vermont or someplace in the East. He and his wife had bought a country store in a little town, and they were going to go back there and run this little store and live happily ever after, and he was going to be able to write. Well, he said he wanted to write books.

The great American novel.

Right. Exactly. As well as I can remember this, he decided to leave in the early 1980s. I may have decided that I was going to get along without anybody for a while and may not have had anyone. In 1981, I decided that I needed someone. I needed some help. We were in our brand new hotel, we had seven hundred new rooms, we had everything—expanded restaurant facilities, expanded casino facilities. We had grown up.

During the time that we were under construction, I started talking with a firm that you probably will remember. I admired them because of the kind of work that they'd done for John Ascuaga's Nugget, and it was a firm called Doyle-McKenna. So Gene McKenna and Mark Bayer came down to see me, and I hired them to be our agency. That began a relationship that lasted all through Atlantic City until I came back, and then we had a falling out. I'll get into that later on. But for many years, they were our ad agency. They did a lot of work for us. They advised on public relations, and from that, I began to build a team.

I got a marketing director who worked closely with our new ad agency—a guy named Neil Narter. He was our director of marketing. I realized that he was a very bright guy, and I have nothing derogatory to say about his mind, but he was not in touch with reality or the street. I think he worked in Reno. I'm not sure. He just didn't have the feel for Fremont Street. There was a certain—what do I want to say?—philosophy of doing things, and he just didn't understand it. So he wasn't around too long.

Did you meet him through Doyle-McKenna?

Yes, I did.

Because Doyle came, I think, from Fitzgerald's in Reno.

It was someplace up there, yes.

And I think Doyle-McKenna had had the Harolds Club account.

Yes. Anyway, Neil moved his family down here, because I think they were living in Reno, or were they still living down there and he was commuting to Reno? One way or the other. But anyway, he came on board. He was well educated. From a theory standpoint, he understood marketing, but to translate that theory to what was real is what tells whether you can become a good marketing guy. And he just couldn't translate, from what I could see, into the real world of Fremont Street, which was my world then.

When you started with somebody like Doyle-McKenna, essentially, that was advertising conceptually. And with a marketing director for a casino, when they came from any place academically, they came with an outside world. There weren't any casino models to study then.

That's right.

So really, the beginning ones were all academic and very abstract. They could tell you how it worked in automobiles, but none of them knew . . .

What was going to work in their particular environment. First of all, in a casino, secondly in a neighborhood, in an area.

Fifteen years later, they all know how to do these things, but fifteen years ago . . .

Because they did not know.

Incidentally, you know, these evolutions of each of these departments are characteristic of the evolution of the industry by department. So the stories are really important, because the names change, but the way it evolves is pretty much everybody's story.

You're finding that similarity all the way, yes.

Anyway, now we've got Neil.

All right. I'm struggling with Neil in a marketing director's job. By then, we had just had our first or second blackjack tournament. We're now probably into 1982.

Was the blackjack tournament internally produced or externally?

Internally. We did it all in-house. We ran the whole thing in-house, yes. We felt it was successful. We thought it worked for us, but we were unhappy with some of the glitches that we ran into. And I can't remember the dates, but it was late 1982, early 1983, probably, that we ran that first blackjack tournament. Neil had been on for a while—maybe a year,

maybe not quite that long. Bob Maxey had just become president of Elsinore, because I can remember saying, "Oh God, I'm going to let this guy go." And I was just talking to him about how I was feeling about our marketing efforts.

He said, "Hey, I've got an idea. I know a fellow that's been at the Golden Nugget." He either was just getting out or he wanted out. I can't remember now which it was. But anyway, I met this guy away from the property. I went someplace out on the Strip and met him in a coffee shop and sat down with him, and he became a very important person in our team. His name was Dick LeVasseur. He had been in the service. That's how he got to Las Vegas. When he got out of the service, when he was discharged, he went to work for the Fremont Hotel, and he dealt craps and hung around the casino. Then he got older, and finally he got into keno. At some point along the way, he went over to the Golden Nugget and went to work there and became keno manager.

But he always had, from what I hear, this flare for marketing, and so somebody over there recognized that he might have a possibility in this area, because, as you say, there were no models. There was no resource where you were going to educate people that had never been around a casino. And here's a guy that was growing up in the casino, so they probably were ahead of us. Anyway, they made him marketing manager. He was there when that beautiful new keno lounge was opened, and he knew how to promote that kind of concept. And I think he got Bob Maxey and Steve Wynn's attention through some of these efforts. Anyway, I know Bob was fairly high on him. I don't quite know how Steve felt about him.

Keno guys, too, are analytical. They know mathematics, and so they're good at analyzing results.

Yes.

So they bring to marketing the ability to analyze, to quantify what you're doing and analyze. And also, keno is good customer development, so keno may have been a good school for somebody with the right bent.

And he had all of those things. He could analyze the keno games, and he was very good at crap analysis, and then, of course, blackjack's, I guess, the simplest of all when you get down to it. So he was great, and he could work up figures very quickly on a lot of things he had a feel for. He also had a sense of what the customer might want, what a gambler wants, what kind of things please him. So when Dick came aboard, we really had the makings of a good marketing department. As I worked with him, I found that to be a real asset to us. He became a very important member of the team. He left briefly for a time, but I will explain that later.

I better tell you about one of the first things that we did after Dick came aboard. We were all kicking around how we could be better at slots. I think both Dick and Bob Maxey had been around the fringes of the Golden Nugget as they were talking about trying to identify dollar-slot players and how they could do it, so we all began talking about how we could identify these people outside of just visuals.

We had a fairly decent slot-mechanic staff. They were very helpful, and they were really on board and a good team. We started talking with them and seeing if there was something we could do with the machines to identify people that were winners or losers or something about their play habits. Out of these discussions we developed a little cylinder that we put into the machine right next to the thing that emitted money when people won. There was a method to counting, and I remember this number very well. We said that after every seventy dollars of winnings, we would reward that customer.

We put in the cylinder, and we loaded it with gold coins. When the win would be seventy or more dollars being paid to whoever was playing the machine at that time, a gold coin was emitted. This is far from the perfect system, but I will tell you, it did great wonders for us. People gathered ten of these gold coins and took them to a redemption booth. They'd hand in their coins at the redemption booth, and then they would be given a questionnaire about their name, address, marital status, birth date, anniversary date—little stuff like that. That information was all collected from the application they gave us after they collected

these ten tokens. That was the only way we got computerized. We then input this information into a computer.

What did you give them for the ten tokens?

A temporary card that said they were a member of the Reel Winners Club. They weren't very smart, they weren't original, but that worked. And everybody wore these big badges the day we began this. "Ask us about the Reel Winners Club." I think we started ours maybe a day or two ahead of the Golden Nugget. When they opened their Twenty-Four Karat Club, we opened our Reel Winners Club, about the same time. We were within one or two days of each other.

But was there any cash value for the ten tokens?

No.

All they got was membership in the club?

Membership in the club. And with that, if they reached certain levels of play, they would be invited to a lot of nice things, and they would be included . . .

So you merely tracked the number of tokens they turned in?

Yes. So then, they'd just have to keep collecting those tokens and bringing them over and getting credit for them, and so they would build up credits.

And the Atlantic City side of this is the Golden Nugget's Club. What did they call theirs?

Twenty-Four Karat Club.

So the Twenty-Four Karat Club became the catalyst for the Golden Nugget capturing the dominant share of the market in dollars [slots] in Atlantic City. It was the key to them gaining market dominance there.

Nobody at the Atlantis [Playboy at the time] was thinking anything about doing things like that. We were still enthralled with

the business, still thinking that we were a premium . . .

This is interesting, because prior to on-line slot systems, where you could capture coin in, all the concepts of how to identify a slot player and to measure slot play all had to be mechanical. You had to have some mechanical means of tracking that, and you needed to identify what level of activity was going to be important.

Right.

So you said every seventy dollars of win. Which, at that point, you're guessing at what that means in terms of play.

Yes.

Do you remember about what the percentage on the machines were on your dollar machines? I guess that you had about 5 percent?

Yes. I would say 4 or 5 percent, yes.

Yes. You're making a guess that you're going to have five hundred dollars, six hundred dollars worth of play, and when they'd done that enough times, it's going to mean that they were there probably three or four hours. And that's the kind of logic you used.

Right.

It was all pure guesswork, but it was the foundation for the on-line systems, and the logic of it is the foundation for it.

Yes.

And it demonstrated its value, because my guess is that you saw huge changes in your ability to then do analysis.

Oh, yes.

Because now you've got this little room up there where you . . .

Where we held our parties.

Now you could invite these people back.

Oh, yes. And then we would hold slot tournaments.

Do you remember how many numbers people had in terms of those tokens?

Oh, yes. We figured that there were a couple of people that, in a year, had played a million dollars.

And it was the first time that people could quantify the value of a slot player. Up until then, people didn't know, and they said, "Well the wives play, and they play twenty dollars at a time."

That's right.

Or a hundred. And that was the anecdote. That was the belief system. This was the first time that people recognized that they were putting literally millions of dollars worth of coins through. You only have 5 percent win, so you haven't lost a million dollars.

Yes.

But they processed a million dollars, and it was a huge change in the industry's thinking and realization.

Yes. So that became well known, that Reel Winners Club. That took us out of the recession into the strike time, of course, but into some of the best years, the most profitable years, at the Four Queens from the time that I was there.

That was in 1984?

Well, we began our club in 1983.

If you were going to guess—this is years later—what percentage of those original slot players are still loyal to the Four Queens, what would you guess?

That's hard to . . .

You think it's still significant, don't you?

Oh, yes. I'm sure that it is. I don't know, because I can't account for what's happened to them since. It will be four years this next January since I left.

But at the time you left, they were still a huge portion?

Oh, yes.

If you were to guess, what's the difference in loyalty between the players from the mechanical club—the club you did like that, that was all human contact—and the on-line, automatic club? Did they build the same loyalty factor, those two?

That's hard for me to say.

My theory is that the mechanical system built better loyalty, because it was more human.

Yes.

You paid more attention to people.

You had to take these coins over. Then certainly some of the older customers never, I'm sure, believed that the machine counted or had their play right. It was something unknown to them, so they thought it was done in some dark room someplace. They felt like they had played more than what they were getting credit for, whereas when they hand in those coins, they knew exactly what they were getting credit for. And you asked what we gave them for it. We gave them Reel Winner dollars that they could spend in our restaurants, in our gift shop, in our bars, to see the shows.

I should stop and tell you at some point what our entertainment became through this transition into the new world of marketing and presenting yourself. [laughter] Not having a hundred-dollar-a-night, three-piece little combo in the lounge but now moving into more exciting entertainment that added something of value.

Keep going with the marketing story because we've got, I think, a long ways to go through

the progression of when you get the club, before you do the first party, and what the party is like and the evolution of that.

Well, these people were given Reel Winner dollars, and they were treated just like dollars when they went to the restaurants.

So if they took in ten of those and turned them in, that represented seven hundred dollars worth of win that they had?

Yes.

How many Reel dollars did they get for that?

I'm trying to think. I don't remember what they were given. Was it one dollar for every seventy they turned in? I'm not sure.

And those then had complimentary value. They could buy food in the restaurant. They could buy drinks or pay for their hotel, I would assume, too.

They could pay for their hotel room, buy food, shop in our gift shop. We loved that, because we had the greatest markup in our gift shop.[laughter] So that was super when they shopped in there. They could use it for all these things. Then we began the parties, entertaining them, and we would invite them to come at either reduced or special rates or at Christmastime—no room charge for some of these people. We did a lot of things like that where we tried to fill in the weaker times by inviting these people and giving them a lot. And sometimes, those became the best periods in terms of our casino, because we filled our hotel with some people that we knew were players. It sure showed up. I mean, it really showed up in our play.

I did another couple of things. These were really on my own, and there were two. Somebody presented this casino promotion to me, and I liked the idea. Charlie [Stump] was my advisor. In 1978 or 1979, this fellow came to me, and he said that for forty or fifty bucks a person, he could bring people in. We named the program "Up and Back," and they'd fly from Los Angeles up here. LAX, Burbank, and Orange County—they'd fly up here, and they

would spend seven to eight hours in our casino. We made a deal for the airplane, and then we ended up paying the producer of this forty, fifty bucks [per person]. He had covered the airfare. He'd covered the transportation coming to the hotel and back to the airport. He had hostesses that he had that helped the people get in, because when we began the program, I think, they paid something. They gave us some money up front.¹ And then after they had been in the casino for several hours and played, their deposit would be refunded to them—maybe seventy, eighty bucks, which would have covered the airfare and given him [the tour operator] enough money to operate with.

He chartered the airplane?

He didn't charter the airplane. He had been taking people to the Stardust or some other hotel. He had this great arrangement where he got tickets from Western Airlines way below listed prices (group rates). That was one of the carriers that eventually failed or went out of business or was absorbed, I'm not sure. They were a big mover of people from Los Angeles into Las Vegas for a lot of years.

Anyway, this fellow had a deal with them where he would get blocks of seats. He would have his own people set up at the airport at the gate counter, and he began to develop customer lists on the computer. So he had the list of the people that came. He would give them a ticket or a boarding pass, let them get on their plane and come up here and be met at the airport by his group. He had a hostess and several vans and staff who brought them down here to the Four Queens, and they would play most of the day. These were daytime visits not nighttime. They came morning, mid-morning, and stayed until six, seven o'clock at night. That's how the program first began.

As we looked at the numbers and began to measure the table-game play . . . I started out very gingerly. I started it out with one day a week or two days a week, so we could look at those days and compare. I could look at the drop figures and the win figures for those days compared to the same day in the prior week. I can look at a Tuesday versus a Wednesday, and we could see instant rewards for having these people come. We well overcame the amount

of money we were paying for them—forty, fifty dollars in the beginning. We developed a customer list from that. After several years, we had gotten up to where those people would come every day.

There were a couple steps in evolution there. One is that as the airline prices went up . . .

We had to increase our price, yes.

You increase the price, and then you require them to demonstrate how much money they brought to make sure in some way they qualified.

Yes.

So the increasing price of airfare put some pressure on evaluation procedures. In the beginning, you just took the guy's word for it. After a while, the pit boss would say, "Well, I never saw that guy play."

He would say, "Well, I did, too," and then he'd argue. So somewhere then that got to . . . The term in the industry is "flash"—some way where the people, when they got on the airplane, had to demonstrate how much cash they were bringing.

Well, they gave it to the hostesses, and then when they had fulfilled whatever the condition was—if it was four hours that they had been in the casino—their deposit was returned to them. It was given back to them after they played. We built quite a few good customers out of that and got exposure. And of course, when we started it, it was only being done maybe in a couple of places. Anyway, Dick LeVasseur came back² and was doing this kind of thing when all that happened in Atlantic City began to happen, the real issues of which we are now going to get into.

What year did you go to Atlantic City?

Nineteen eighty-five.

In 1985 you went to Atlantic City. You really had gone to school on operations.

Oh, yes.

And one at a time, you learned how to do the operations. Before we get away from the casino-marketing tools, there's one other part of the life cycle that I believe happened that not everyone understood completely. You talked about displacement on the tables. When you take the tables that are in play, or you get a hotel room that would have been used and you change its purpose, then you have to get some sort of incremental revenue to make up for that, because you've displaced a revenue source. When you have a bad month—and you say January is the slow month—you have a party every weekend in January with all your special customers. You have displaced those customers not that would have been there in January, but you take the people you bring in January that would have come at another time, and you haven't added another visit to them, but you've displaced that visit.

Yes, and given them complimentary . . .

Without understanding, you've rearranged their normal purchasing pattern around this new one, and you've now changed what you thought was your natural pattern, and you've created this artificial one that now creates new holes. If people came four times a year before and you invite them, they may come five, but they don't come eight. So you lose some trips.

Right.

Now you bring them in January. They don't come in August when they would have come before. Did you experience that, where the revenue cycles and the patterns started to change?

I never got quite as sophisticated as that, to put any measure onto that. I'm sure you're right. I'm sure we probably wore out a lot of customers by invitations, creating tournaments and things that they should come to, that they must come to, thinking that we lost them when they were coming as full paying customers. In the beginning, that's what they were doing. So what you were doing was encouraging them to come for free things that took away from that full-paying visit that they might have made. I don't know whether I ever

would have gotten around to thinking about that, but that's true.

What's the next generation of new ideas? Steven Wynn—where can he go from where he is now? This is another place where this question becomes relevant, because these are old, tired ideas. They're the only ones out there in operation. They're the same ones that you were working on and developing in 1982.

Right.

Fifteen years later, they're worn out. They're available to customers all across the board. They no longer have to create a differentiation for your property. They don't build a stronger relationship with your customers, because they're universal. They can have them anywhere they go. It costs the player less to go, because now the real bucks are there to everybody.

Right.

At every slot club they can spend them, at every restaurant, so now they have less value. And all that has been kind of stretched out. Do you see another generation of ideas that are going to do what these things did for you in the 1980s? Do you see something new on the horizon?

Not that anybody has shown me so far. There may be some new slot games, some innovative things put out. I don't know whether they're just fads and will go away, or whether they will continue and grow. What's the poker game that's on the progressive and laid on the tables?

Caribbean Stud.

Yes, Caribbean Stud.

And, I guess, Let it Ride.

Yes, Let it Ride. Those kind of things are innovative. After we came back from Atlantic City, we did a little "What-can-we-do?" kind of thing again, and all of us sat around and came up with a game which we called Multiple Action Blackjack. You may have seen the game,

because we did take it on the road, and it is still being played, where you make three bets. That worked real well for a while for us. It gave us revenue, and we were the only ones that had it for a while. It was very popular in our casino. Then we began to sell the game, the right to use the game, because we patented the game itself. And there are still people paying for the use of that game.

But those are not the overwhelming impacts that the kind of marketing programs we put in in those early years had. They're not creating those kind of dollars or difference in the play of the casino. I suppose there may be something developed in the years to come where you might be able to play computer games of some sort in a casino. I don't know. What could happen? I really don't know. Where would computers fit in here? What would they do in developing new kinds of games or new ways of playing games, if you could ask yourself that? I haven't seen it yet.

Did the things that you did then change the fundamental wagering conditions?

No.

They still played the same games. You may have created a special environment, a special competitive environment where they competed against each other, but they were still playing the same games, the same slot machine, same blackjack, same crap table, same keno game. They were in these tournaments. The development place we are now, some new slot machines are all we're looking at. But we don't see any human-condition stuff that is going to create the uniqueness that you had. Your Reel Winners Club created a unique environment for at least a couple of years where your players felt special and unique.

Only the Golden Nugget and the Four Queens had the . . .

They were special, unique places that would create a bond.

Right.

I'm making some assumptions based on my own experience that those invitational parties created additional interpersonal bonds that are stronger than most people's family relationships.

Oh, yes.

And that they're not only friends with the employees but with each other—that they scheduled their . . .

Oh, they knew each other. They became friends through their visits.

Did deep friendships develop out of those things?

Absolutely. No question about it.

So my question is, is there something new?

Not that I know of. I'll call you up in the middle of the night and let you know, if I ever see that that's on the horizon and I see it coming. [laughter]

It's a management challenge.

Yes.

If you take all of these concepts when they were new, you could take them to Indian country. They were very valuable in helping establish and create some uniqueness and getting casino marketing going and all of that. But once everybody knows, and once they're everywhere, then it's nothing.

Nothing.

If promotions are not very well done, you can increase them, but where's the magic?

Yes. What can we do to change our world around?

Yes. Unless you could sit in the executive chair and go through that same people-building process that produced some of these results.

That could happen.

Because when I listen to you talk about that, it sounds to me like that was a very exciting time for you.

Oh, yes.

That, career-wise, probably went from there to the bankruptcy kind of conditions of Atlantic City, but you were building things. Maybe that's the answer where those ideas came from, that it was your people-building skills that brought ideas to the surface. Wherever they came from, they came to the surface, and you just facilitated it so that they could happen.

Right.

And nobody remembers who came up with idea. It was the environment and the community that brought all those ideas out.

Right. And we all worked on it, had a lot of fun doing it, and built great team spirit. Those were great days and a lot of fun. There was a lot of learning how to create this revolution in the way we were doing business. And I'm wondering if I were back walking the streets and thinking about it, if I'd see something or realize something that you could capitalize on. I'm not doing that anymore, but there must be others that are out there walking the streets and thinking about it and looking at all the things that are available.

That becomes the question. What we were talking about earlier was the way people become habitualized to something.

Right.

When you started, it was almost like it was a 1950s casino, wasn't it?

Right.

But that's what it was like. It was a simple pit where the pit dominated, slot machines were mechanical, very poor reward systems for the customers, restaurants that were just average restaurants.

Right.

It was just average stuff built around the few players that were in the pit with some pretty good entertainment. That was what you inherited, and you took that from that place And we've talked about the evolution of most of the departments. We've come from an era where the creativity has stopped for some reason for a period of time, and people are just repeating the old stuff. They're just mindlessly following the thing. They're trying to make tournament records, they're trying to make each thing a little better than the other one, but there isn't anybody inventing the concept of something new. It's the same thing as Steven Wynn. What could he do next? Because we need something next.

We wear out all this. The theme hotels, and all that we put in place now just

Copying everyone else.

Enough people will have seen them.

And we'll start competing on price, just like we do with the junkets and all the other things, like tournaments. Everybody will be competing on price, but everybody will have the same thing. The customer will become jaded and accustomed to it. And we're going to need

A new way of doing business.

Where is it going to come from?

I don't know, but we better figure out something for the monuments here that we've built now at these huge dollars. [laughter] You talk to old-time gamblers, and they'll tell you that there will always be that desire to gamble and the people will come no matter what. But what we've done is try to broaden that market and offer people more things than just the gambling incentive. Certainly it broadened our market, and people said they'd come on vacation here.

In 1977 when you assumed the presidency of the Four Queens, how many hotel rooms do you think were in Las Vegas?

I would probably say about 50,000.

I guess it would be someplace between 25,000 and 50,000. So there are at least twice as many, if not four times as many, as there were then. And to fill four times as many, you need a broader population of people.

That's right.

So you've diluted all those things that we mentioned earlier, when you go from having one slot tournament a year to having ten, twenty, whatever you were having just at the Four Queens. And then everybody else in town's having it.

And multiply that by all the other properties.

Now in Las Vegas every year there are a thousand slot tournaments.

Right.

You only needed 100 players to do your first one, and now you need 100 for those 1,000 tournaments. It is at least 100,000 that you need.

Yes.

If you needed a list of one thousand to generate the hundred, now you need a list of ten million people just to do the tournaments, right?

It becomes just staggering when you think of it.

Do you want to talk about entertainment?

Yes. Well, Ed Fasulo became food and beverage director, and Hugo's was just beginning to become a good place that people wanted to go to. We were getting a reputation and not just with downtown people or just with our own customers. Pretty soon people were sending their guests down there from the Strip, and that became a great identification for the Four Queens, because the food was good. The type of service and the way it was

presented was different and unique; nobody else had it.

When we built the first Hugo's, we had a salad bar, which was back in the days when salad bars were popular, and then we had an ice cream bar at the end where you could make your own dessert. So when we built the new Hugo's, when we did the bigger restaurant, I didn't think that it was very nice dining to get up and walk around a salad bar. To me, it was fun to go sit in a restaurant and be served and have great service.

So we found carts, and we developed a salad cart. You have this huge bowl, and you have several different shelves in this cart, and you have every kind of thing you can name to put on top of your salad, from shrimp to croutons to pine nuts to all the other more traditional salad toppings. Then you have to limit your kind of dressing, but you have a Caesar and then something similar to a ranch and an Italian dressing, and we had all of that. So the salad cart was brought to your table.

We took big round slices of unleavened bread, and we spread parmesan cheese. We were one of the first. I had never seen it before, and Ed thought it up. But we spread parmesan cheese and put on some other seasonings, and we baked the slices, and then we broke them into pieces. And we called it lavash. Then we did little thin, thin pieces of rye, toasted those, and did the same thing with them. Everybody just loved those bread concepts. I mean, they would make a meal of eating that bread and having the salad. Then there was the entree. So we developed one price for this whole thing, which did not include dessert. But what we did give at the end of the dinner was a very nice silver tray with chocolate-covered strawberries, white-chocolate-covered apricots, chocolate-covered figs, and that kind of thing, and that was complimentary. A twenty-dollar dinner would include this whole thing.

I would never have built the kind of staff that I did build down there, the kind of people, all the way from the busboys to the waiters . . . Most of those waiters are still at the Four Queens. (There's only one gal.) Those were the waiters that were hired during the strike, who came to work for us through all that abuse. Several were working there before the strike happened, walked across the line, and came

back. I will tell you we have the loyalest bunch of guys. Of course, they made an awful lot of money. They did very, very well working in that restaurant, but the level of service that we gave was truly outstanding. I was so proud of that restaurant and always have been, and it's gotten a number of nice awards.

You know, people write articles about this. With Fremont Street and the glitter of Glitter Gulch and the smoke of the casinos, you never expect to walk down these stairs into this low-ceilinged, comfortable-looking room that makes you feel instantly intimate and warm, because it kind of contained you. It didn't seem like a huge room or a huge hall or a huge anything. It seemed more like your own dining room. You were comfortable in it. And you sat down and got all this wonderful service, and people have written all kinds of really neat articles about the service that they got there.

When I was in Hawaii, they would come and make coffee at the table, and they called it Kona coffee. They brought an appliance to your table which provided you with your own set up with a burner. That would heat water in the pot, and the water would then rise into the container on top of the pot containing ground coffee beans. The water would slowly drip back into the pot making delicious coffee. We charged an outrageous price for that, but I will tell you, people just *loved* it. They would pay you no matter what. So we kept adding little things like that. Every lady got a rose, and we always kept that up no matter what. During the strike, through everything, every lady got a rose when she walked in. So we did a lot of things that people remember, and that was fun. We used to go and walk through the casino after, you know, after traditional dinner hours.

And count roses.

Count the roses and see who had been down there and who was playing, and we always felt rewarded by that. And then to walk across the street or over to the Golden Nugget and see how many roses were over there. [laughter]

Did you ever compare the difference between your little bus numbers—the frustration you felt over numbering people, that stupid

system—and the idea of how simple it is to give the good customer a rose?

Have a rose. I never thought about it, but it is . . . [laughter] Give them something that they want to carry around, yes.

Well, plus it makes them feel better. When you do the roses, you know that you've prequalified the people, because they have to spend twenty-five dollars a person to eat. And so the rose really tells you something. They come from someplace else. You can count them around. You can see them at Steven Wynn's place, and you know what they do. The other is so frustrating. For two dollars, you're trying to figure out what this person's worth is. [laughter]

That's right. That's right. So Ed, as I say, was really one of the true developers of this restaurant and really oversaw the development.

This is Ed II, right?

Yes, Ed II—Fasulo. He oversaw the quality of the food, the quality of service, and he really had a terrific sense. I will give him much, much credit for the restaurant and the way it was run and the team and the solidarity of that whole group down there.

Of course, having those people not be union, they could bring reasonable grievances to us, but unreasonable ones wouldn't be listened to. And believe me, they were so happy with their job down there, we didn't get any unreasonable grievances. We really had a great staff down there, and the same gal we selected when it opened is still running it. She was absolutely terrific. I wanted to copy her in some way and ship her around to all of my outlets. Have one of her up in the coffee shop. I wanted to bring ten of her to Atlantic City and have her in every restaurant. [laughter]

We had the lounge now at the end of the casino, and we were serving the shrimp cocktail, and we had a different lounge concept then. We started entertainment in the afternoon. Then in the evening, let's say between five and eight o'clock, we had another kind of a group, and at eight o'clock, we had some other people. We were trying all different

kinds of music. Sam Butera, for example, started with us in the beginning years, and people liked him. They were moderately priced. They were fairly well known in the city. We had a lot of jazz-type music—the old familiar tunes, where people say, "Love that big band music."

One of the first things that Ed did was suggest we contact Alan Grant. Ed had been approached by Alan, who, at one time, had been a pretty well-known trumpet player. Somehow he couldn't play trumpet anymore, but he had many connections in the jazz crowd that's out there everywhere. He had put together an opportunity with KMPR, a public radio station, that they would tape and give promotion to an event called *Monday Night Jazz*. So we started *Monday Night Jazz at the Four Queens*, and I'm sorry to say that this year was the last year of *Monday Night Jazz* at the property. But we were on radio stations all over the world. We were picked up by radio stations everywhere. Alan Grant always did the show, and this went on for twenty years.

That was always one of the secrets of Las Vegas's success, to take little events like that, and suddenly the world knew about it. So the Showboat people see bowling tournaments there. Las Vegas was doing that in the 1950s, and you could never figure out from the outside how in the world a thing like Monday Night Jazz ever happens. That it just starts at this little place, and then suddenly it's a national event.

It's here, yes.

People all over know about it.

Very successful. We got a lot of awards for the show and got a lot of recognition for it. It really was a nice identification for us. Again, building on these kind of things. When you say "Four Queens," you say "shrimp cocktail," "*Monday Night Jazz*," "Hugo's." You get these kind of things associated with your property, and they're all good, sound marketing experiences that people have a good memory about. They'll talk about it to others. They'll come back themselves, and there's a whole host of things that you get out of this.

Because of his connections, Alan could get some of the real jazz greats to come down there and perform on Monday night, and then KMPR would tape the show. We gave grants to KMPR. It wasn't a lot of money to host these things. Alan was very good at getting these entertainers. He'd figure out what their schedules were, where they were going to be, where they would be performing, and try to make them stop here in Las Vegas on their way to wherever they were going or coming from.

So summarizing the Monday Night Jazz and what you learned from entertainment . . .

Remember I told you that, against a lot of criticism, I insisted that the lounge be at the end of the casino but open to the casino so the people could see and hear the music and feel the kind of excitement of that entertainment? Along with this came the change also in our entertainment policy of providing entertainment longer hours of the day so that this sound and excitement would be there as much of the day as made sense, you know. I mean, obviously, in the morning, you're going to excite people with entertainment, but by afternoon So one of the first things we did was start entertainment at two o'clock in the afternoon.

We would have a fellow named Dondino, who became a real staple item at the Four Queens. He was there with us for probably ten, twelve years, and he performed in the afternoon. You can bring up an image of an Italian with black hair, nice voice, and the ladies loved him. Just that kind of guy, you know. He improved his backup musicians as time went on. First he didn't have any brass, then he added some. Then he got a trumpet player, and he kind of expanded his show along with the success. We were really getting a lot of people by that time who came here on the bus program. And some of the older ladies that came, they sure wouldn't miss Dondino's show. That was a real highlight of their coming to the Four Queens.

Then after Dondino ended, probably at five o'clock, we started with an intermediate, low-cost group. I can't even think now to give you an example, but they were very moderately

priced groups that we put in for that fill-in period. Then we started kind of upgrading our entertainment in the evening.

Then there was the music at eight o'clock. First we started out with people like Sam Butera. We loved having him, and he became kind of a staple as the evening entertainment of Four Queens. He played the old-time music, you know—Keely Smith, Louis Prima, that kind of thing—and people liked him. When Ed Fasulo, as food and beverage director, began to promote *Monday Night Jazz*, we were able to attract acts like the Drifters and the Kingston Trio, and Donna Fargo used to perform there regularly.

These weren't the \$200,000-a-week Strip people, but their names were well known.

Their names were well known, and that was what we were looking for. The older groups had appealed to a certain age group that we felt were our customers. It worked real well for us. We had a lot of fun doing it, really watched what worked and didn't work. We monitored it very carefully. At first we didn't charge to get in, but we finally decided that we had to have a drink minimum. At least, you have a two-drink minimum. So that was what we ended up with but no charge to come in.

Who managed the entertainment?

Ed.

He managed it?

Oh, yes.

He did all the contracting?

Yes, he did all the contracting.

Got to know all the agents.

He was so proud of that. Oh, he was so proud of that, because he really grew with all of that.

That's pretty sophisticated stuff he did, negotiating with all those agents and scheduling.

And he did very, very well with it.

How did you monitor it?

Well, we set our prices. We knew how many people came in. We always had to count. On weeknights, we would have shows at eight and ten, and then on weekends, of course, you would have a later show. That's pretty customary. We looked, number one, at how many people went in and sat down. That was a pretty basic thing to be able to look at. We then asked the hostess on the door at the lounge as well as people on the floor what their feeling was. When people left the show, did they come to the tables, did they leave, did they go play slots? [laughter] So we'd ask the casino personnel—I'm talking about both slot and table-game personnel—to give a read. You could say, "Yes, there was good activity," or, "No, it seemed like everybody left." And this, number one, helped us kind of look at the entertainment we were getting. Was the person a good draw? Did people who came to see them stay in the casino, or did they leave? Also, was he just playing? Was he well liked at all? That has to be the first criterion. But then, of course, getting a little more sophisticated as to whether the people that came to see him . . . Frank Sinatra Jr. became a real, real favorite of ours. In fact, we became pretty good friends. His father came over a couple of times and came in, and Frank was so proud to introduce him.

That must have been good for your business.

Oh, it was. It was terrific. [laughter]

[laughter] Frank dropped in.

Yes, Frank came over. We got that kind of excitement. It worked for us, I think.

Did you just copy somebody else's entertainment policy, or were you developing everything from a base?

We were developing our own.

Because you decided to open up the lounge.

Downtown there was no entertainment except at the Golden Nugget. Steve Wynn had Frank Sinatra Sr. performing in his place and names like that. Well, I couldn't do that, you know? It was way too expensive.

He had Frank and his mother advertising in front of the Mirage. [laughter]

[laughter] Right. Exactly.

But the next part is pretty sophisticated in finding the right niche, the right kind of entertainment that creates a unique atmosphere that no one else has—including the Monday Night Jazz that ends up with a national reputation.

Yes.

You were going to talk a little bit more about that. But the other thing was the other kind of entertainers, like your Italian crooner.

In the afternoon.

That turns out to be, in retrospect, a pretty sophisticated move and one that I think probably goes over the heads of the righteous little critics from the Riviera.

Yes.

They're standing around saying, "Hmmmph."

Yes, I know. I laughed about it. They said, "Well, it just doesn't make any sense to have *Monday Night Jazz*." The next thing, I wake up one morning, they've got jazz that they've named something else, but they've got it at the Riviera. They haven't got the same host, but they've done the same thing.

Oh, that was clever of them. It didn't make any sense, but they took it.

Took it away from the Four Queens and commenced a jazz program at the Riviera. And they've done a jazz-night kind of thing, really very similar to our *Monday Night Jazz*.

They're getting bought out.

Yes, the rumor mill has it that Allen Paulson may be the purchaser.

But back to the entertainment. It seems to me that it appears that it's accidental in the initial thought process. Or was it? Did you have some insight into what might be the . . . ?

First of all, I wanted excitement. My first goal was to develop this excitement throughout the casino and not just have a quiet room that you came into where nothing was happening. So that's why we developed the idea of having entertainment at two o'clock in the afternoon on into the evening, right? So we started out with very inexpensive groups, and I suppose we talked about it. I know Ed and I did—talked about jazz and western music and trying different things to see what works.

I think it was Ed who thought about Dondino and decided to give him a try. He played great oldie kind of music that would appeal to our typical afternoon customer. The ladies loved him. You know, that was very romantic. He was perfect for the role, because he went down in the audience, and he talked to them, and he shook their hand. And then he had an assistant that started the Dondino Fan Club and the whole thing. It just worked out very well.

So we thought, "Well, now what can we do in the evenings? Let's try a couple of these names that are better known but stay within this \$10,000 a week," or \$5,000 or whatever we were talking about at the time. Get this group to come here and perform these given schedules. So we did that, and that began to show up as creating a lot of positive response both from the casino people and the slot people. People liked their show. They were going in. They were sitting down and having drinks and watching the show. It wasn't one big plan, but as we went along, we kept seeing the possibilities. It kept encouraging us.

No one else downtown responded with anything similar?

Nobody else. Now by that time, Steve Wynn had his large room that he put in his casino [the Golden Nugget]. He could have seated . . .

It's cash from Atlantic City is what he had.

Yes. [laughter] He could seat five hundred for dinner. It was a big room, but it was just a pure and simple ballroom. It was not a showroom. It was a ballroom. So they had to build a stage, and they had different entertainment. I can remember Frank Sinatra, when I would go to see him over there, talking about, "Steve Wynn is trying to make this funny, little ballroom into a stage for me. It just isn't working." That was the kind of thing he would say. It was a very nice room. Steve Wynn never did anything that was inappropriate or . . .

I wasn't being facetious. It's a fact that he had cash from Atlantic City. At that point, he could spend more money than anybody downtown.

Oh, yes.

He was trying to build a business—a Strip business downtown—with Atlantic City cash.

That's right, yes.

And the rest of you had to operate off of cash flow out of downtown.

Out of our casinos.

So he was completely something else. But none of the other properties responded to your entertainment?

No, nobody.

Which is atypical, because, like with your dollar slots, the better you got at dollar slots, everybody responded and looked around. And with those things, everybody copied everybody else, I think.

Right. Union Plaza had a showroom—a full-fledged showroom, and they did

everything from ice shows to Broadway musicals. So they were doing their own kind of thing there.

Was a strategy to have a variety, or was it a confused policy that they didn't know what they were trying to do?

I think they were just reaching. I think they were just trying to figure what to do next. I can almost say with certainty that they weren't sitting down saying, "Well, we know that these Broadway plays are going to work," and, "Let's do this for the wintertime, and then in the summertime, we'll get into an ice show. That should be good."

Were you lucky with a small budget? Because you took smaller steps, you could make quicker adjustments.

Absolutely. Absolutely. And it worked very well for us. We got to do a lot of things like that. When we totally redid the casino, we had to do it with cash that we felt was available.

You talked about the mirrors.

Yes. I wanted to mirror all the walls. We'd painted the brick white and the ceiling was painted that white. The light level came up considerably.

Did you do any stuff about light levels and activity levels, and did you articulate that higher light levels generated more productivity in other environments and probably would mean more excitement and more betting in a casino?

Again, as I mentioned before, you have to keep making these changes. People that don't continue reinvesting in a property and making changes are going to be losers in the end, because it will just remain the same. I guess Binion's is the only one that can get away with being the same. [laughter] I don't think others can. And Binion's can do it because they have such an important policy.³ They've had it for forty years, and nobody can knock them off, nor can anybody copy it. They can't cut into

that because people believe that about Binion's. And as other operators on that street, it would break us to establish ourselves in the same manner that Binion's has established themselves, because we would have to take the poor end of the bets for so long to make people believe we were doing that [i.e., having the same policy as Binion's].

A quick summation of the Binion policy is they just give the best wager. They'll take any size wager, and they give best odds.

That's right.

And no one in Las Vegas—no one anywhere—competes.

You can't. You can't, because people believe that. Now, that's perception. People believe that. But a Golden Nugget, a Four Queens, or somebody on the Strip can say today that they're going to have that policy. It will be years before they can make the public in large enough numbers believe that that's what they are really doing.

Steve Wynn took it on once, and he gave it up in six months.

You just cannot go up against that. But anyway, you leave your place looking however it looks if you're going to get the guy that thinks he's going to get the best gambling deal walking in that door. And so all the way from the highest rollers on the Strip to anyone else, they are going to have a run at Binion's, because that's the reputation that it has. But it took years to build it, and I think it's great.

But your light atmosphere, to you, added to the excitement, as opposed to the old age when they believed in having it darker. So you got the entertainment. You've lightened it all up, and you've got the entertainment in that same environment.

We're mirroring the walls so it's reflective. It builds the level of excitement in the casino and makes people feel that they've walked into a place where they're really going to have a

good time. And that's what it's all about: a Las Vegas experience and people getting out of their box that they live in at home and coming to a place where it's a whole different world. I think that's what Las Vegas has always been about for most of the people who come here. Not that they're compulsive gamblers or that they have those kind of problems. I think they just love to come to where they can kind of act differently. They dress differently. They conduct themselves differently. It's time away from conventional living. At least that's the way I always looked at what we were doing downtown, trying to offer our customers something that really made an impression on them, where they felt they were getting out of the humdrum everyday life that they might lead in whatever town they came from.

The Monday Jazz Nights—how did it develop? You told a little bit about it, but you said it got to radio and it got a national prominence to it.

Well, when it was proposed to us, it was to be done in conjunction with KMPR, which is the public radio station here in town. So we were asked to make a grant to the radio station for them to do the taping of the show and for them to get it out on air, to put it on their network. Alan Grant, the guy who put this together, had been working with KMPR being a disc jockey for them at times. He was an old trumpet player, and probably a pretty good one, I would say. Something happened to his hands when he was in the service, and he lost his ability to use his hands with the dexterity that a trumpet player needs, so he had to give it up. But before he lost his place in the sun, he had established a lot of contacts.

He loved music, and that was his whole life. So he stayed in touch with all these people. I think, at times, he had managed some of them but had always followed their careers and had done a lot of radio work first after he got out of the service, in New York and in the East, in attracting artists for different types of entertainment. Then he brought this idea to Las Vegas about establishing a *Monday Night Jazz* night. He would bring in a guest artist each Monday night. He did have these connections with people, and what he tried

to do was look at the schedules of where they were going to entertain—because most of them were on the road—and then find a time when they were going to be in the neighborhood and try to cut a very favorable deal with them to be heard on public radio and to perform at the Four Queens.

We did it on a very limited budget at first, and we didn't really expand that budget greatly as time went on, because Alan was very good about trying to keep costs down by using people when they were in the neighborhood. If someone's going to be in the West, performing in San Francisco, Los Angeles, or wherever, Alan would say, "How about coming over? We'll have rooms for you, and you come and stay at the Four Queens and perform on *Monday Night*."

And then the radio station sent that to other radio stations nationally. Is that how that happened?

Yes, and then they began to advertise that they had this program until we were on 150 radio stations around the world.

That's one of the geniuses of Las Vegas. How did this happen? Did this happen because the radio station took responsibility and pushed this, or did they just send it to a couple of people, and they really liked it, and the response came back, "Boy this is great," then they asked for it?

The impression I got was that they got it out to a few places, and they began to get some favorable response.

So it was just an accident. It wasn't orchestrated, because always, Las Vegas had reached out with their PR. They reach out with some message that sometimes is very self-serving, hand it to the world out there, and the world press takes it and says, "Give me more of it!"

Yes.

That has built the reputation of Las Vegas. And this one just appears to have happened by accident.

Yes. I don't think there was any great thought process that went into the beginning of this thing, but believe me, everybody used it as time went on to promote. Oh, we would get letters from all over the world. We would have people that would come and stay with us from Australia, France, even India and those kind of countries, that loved jazz and had heard the program. It was amazing. It was really amazing.

At any rate, it was a great experiment. So we developed that whole side of the Four Queens that had never been tried, and that was really fun to do. We got the lounge in which we could present it. We had so much fun when Frank Sinatra Jr. came with his seventeen-piece orchestra. And now we've got a little, tiny stage. What in the hell are we going to do? So Dondino is a master carpenter. That's what he was before he came to America. [laughter] This is honest to God! So he built extensions on the stage that we could use when Frank Sinatra came with his seventeen pieces. Really sweet sounds. Great sounds. Big band music. And I will tell you Frank Sinatra Jr. is the ultimate technician in producing the show. This guy was absolutely meticulous. He knew *every* note. He knew everything about where everything should be set up on the stage. He was down there every single night before his performance getting things just the way he expected them to be. He knew every beat of the music he was going to play.

Didn't trade on his father's name. He did his own work.

Really was a perfectionist there.

And did the people like him for what he did, or did they always draw because of his name?

I think they liked him once they came to see him, but to get them in there at first was, of course, by the name. And you know, that's unfortunate for a guy that's probably Were he on his own, he might have been really great, but because he was his father's son, he could never reach that goal. I think he always needed his father's approval, his father's encouragement. But in later years, of course, he ended up becoming his production

manager. They don't call it that. They call it something else, but anyway, he ran the show for his father in the last years that Frank Sr. performed. And I think that was probably something that he wanted all his life and finally did get it when his father was older. His father maybe recognized the kind of perfectionist his son was and maybe was mellow enough at that point to work with him, too.

What kind of person was he?

Frank Sinatra Jr.?

Yes.

Oh, highly opinionated, had a thought about everything, was very serious at times, although he had a dry sense of humor. He was funny at times, too, but he didn't smile a lot. When you first meet him or when you first watch him on stage, you think he's a very serious person. And of course, there were several different sides to him. He did a great job for us, and it was super identification to have his name with ours, and then his father stopping in once in a while didn't hurt either, you know. So it was fun.

Speaking of Dondino and what kind of deals we made, we signed him for a multi-month or one-year contract. We would never give him any longer than one year.

How many years did he perform for you?

Ten years. So he just became a real attraction, and his name became synonymous with the Four Queens, as with Frank Sinatra Jr. and some of those people that we had back on a regular basis. Ed and I would talk about this at least once a month, if not, more often. We would say, "Well now, what's our schedule going to look like?" and we'd try to look ahead. Then in later years, in planning, we would look at Frank Sinatra Jr., for instance, and see where he was going to be in the next year and then pick out several times. If we had him come three or four times in that year, we would pick out the times that fit in his schedule as well as ours and work it out. So we committed here ahead if we were going to have him perform

three or four times, and we did that with others, too, that became good entertainers for us.

So you would have three or four that would be the anchors, then around their schedule, you built up the rest of your schedule.

Right, and then we would bring others in. We would try new people. We tried new bands, and Ed was really the mastermind of that whole thing. He did a great job with it, but it did a great thing for him—gave him a lot of confidence, because, as you say, it was no easy job. And a guy who was experienced might not have done as well as Ed. He just had a sense about it. He knew equipment. He knew sound. And we had to provide the venue for these guys to be in, too. Ed knew and understood that, probably from his work at the Hilton. I'm not sure.

It wasn't easy. You ended up with a Strip kind of entertainment image, all on a small budget.

Really.

And big names that weren't big names.

Right. Right.

It's not an easy proposition. I try to think about anybody else in Las Vegas, and I don't think anybody else would . . .

We had a couple slot discussions that we hadn't finished.

All right.

One was that somebody invented something. Or did you want to talk about the big slot tournament?

No. No. We'll talk about the big slot machine. I know it was there when we got there. Yes, the largest slot machine in the world. It had been built by Bally's, and it was an eight reeler. First of all, it was in the casino, and I can't remember exactly where, but then we finally moved it and put it right on the

street, because it was kind of a carny game. When I got the last fifty feet of property to the Third Street corner, you had to come up probably a half a dozen steps to get into the casino. But we had a space right at street level, before the steps came into the casino, where we put this slot machine. We advertised it as the "World's Largest Slot Machine," and people went to see that at the Four Queens. And a lot of our printed material and stuff, our brochures, carried something about that machine.

When I got there, or when I was faced with looking at this, we were paying Bally's. We were on a participation basis with Bally's, but we hadn't bought it. So we were giving them a share—probably 40 percent of what we would have made, a 60-40 split. So I began to think, "Well, let's see. Let's run these numbers and see, from what the machine is doing, what kind of deal could I cut with Bally's to buy the machine and have them continue to service it?" Because somebody had to take care of the thing, keep it going. So I went to them, and they said they would sell it to me for \$250,000. So then I had to figure out how long it would take, on the basis of what we were making, to finally get them to that point.

Anyway, we went ahead and bought the machine and put it right on the street. So now it always kept crowds of people standing. It was like watching things at a carnival. It was a real carny game, because somebody would step up and put his three dollars into the machine and pull the handle, right? And everybody would watch him. Then you'd hear "oohs" and "aahs" as each reel hit, the excitement of people who were just standing there fascinated and then cheering if the guy won something. It created a traffic jam on the street. It was fun. And I'm standing down there one day watching all of this, and somebody said, "Too bad it doesn't have more coin acceptors." How could we get more coin acceptors?

The idea here is to allow more people to wager on the pull of the handle.

Exactly. Exactly. Well by that time, Bob Maxey was on board, and we were doing the cashless-slot-machines development project. So I said, "Now is there a way that we could

develop a console or something so you could have people . . . ?” Then I got carried away. You could sit at the console, and you could bet on the machine and watch it play.

It became a lifetime project for one guy. And there was nothing more frustrating for me than to work with these programmers that are supposed to be computer geniuses. They get you hooked up, and they estimate, “Oh, in six weeks, I’ll have it done for you.” Well, it was more like six years. I’m kidding, but it was several years. I thought I was paying the national war debt to keep this guy going, but I was so far into it, I couldn’t quit. I had to keep on with him. [laughter]

Now Bob had gone on to cashless slot machines that had been put on the shelf, and I’m still paying this computer nerd to try and dream up how we’re going to connect these . . . I think we could have put nine coin acceptors on, but with the seating space that I had, we put six on. Well, that ended up then becoming even more of a spectator game, because now you have the six players sitting there. What they’d do is put their coin in the console in front of this big slot machine. They would put their three dollars in and bet on it, and then we had a hostess pull the handle. She would be kind of a carnival person herself in talking to the crowd. Then the console would pay back if the people were winners.

Oh, we had a terrible time, I remember, trying to get this concept to pass the gaming regulators. Frank Shreck represented us with the Gaming Control Board, and they said, “Well, you can’t.” Because, I think, whatever we were advertising and the possibility of winning was just so remote that the gaming control board didn’t want to buy that. So we made some other adjustments to the game so that we could take care of their worries.

And the eight-reel slot machines—there are just too many combinations, and there was only one jackpot on all the combinations?

Yes, yes.

So it was too remote for the gaming control?

They wanted to be sure that the public was not misled. Anyway, we finally got that

underway, but that machine was really a great identification—another kind of a first.

How big was it, do you remember? Because it was twelve, fourteen feet high?

Oh, yes. Had to be. Let’s see. It would just fit on that wall.

So we’re going to say another ten or twelve feet wide.

Yes. When we got the coin acceptors—the consoles—we then redid the machine and made it all gold, and we had a crown on top. We called it the Queen’s Machine. The attendant was dressed in a queen’s outfit and would pull the handle. It was kind of corny, but it worked. [laughter]

So the person who finally did the technology for you for the coin collector and all that was the one who had been working on the cashless machines for Bob Maxey. Do you remember his name?

Tom . . .

And did it become successful enough so that it was worth the \$250,000 investment?

Absolutely.

It was an entertainment event. And did it get good play?

Oh, yes. Suddenly, it made a lot of money. Oh, yes. We paid it off in a year and a half or whatever it was, and then it was ours. The whole take was ours, and better to have all 100 percent than 60 percent.

You continued with the attendant pulling the handle and all that?

Yes. We had her up until the day . . . I don’t know if the Queen’s Machine is still there. I had gotten several bids just before I left the Four Queens to update the circuits on it and do work, and it was expensive. And I just didn’t have the money right then.

Technology has passed that machine by a long way.

That's exactly right, and so to keep it going, they would have to do a lot of retrofitting, so it was becoming a pretty expensive process. They still have it down there. Maybe somebody looked at the numbers and decided that it was worth it to retrofit it and bring it up to today's standard, but I don't know. It was a fun thing. I think it paid off handsomely, and not just in dollars.

Did the atmosphere of people cheering for the thing and all that continue?

Oh, yes. Oh, always.

So adding to the excitement level in the casino and the entertainment value, it always worked for you?

It always worked. It was fun. You would hear people shouting clear at the other end of the casino. When we would start out, one cherry would come down. Two cherries would come down, or whatever the winning symbols were. [laughter] People right away know they are a winner, and then everybody would yell, "Yeah!" They'd groan when the right one didn't show up and all of that kind of thing. Having group participation like that even makes it much more exciting.

Nobody else still to this day . . . The Sigma Derby machine is kind of a group experience.

Right.

But nobody else has ever done group . . . And it's pretty obvious that group participation and the interaction between people escalates excitement levels and does a whole a lot of different things. Why do you think nobody else has ever done anything like that?

I don't know.

It seems so obvious.

It's worth even thinking about, really, giving the time of day to, because I will tell

you, it's catchy. People that ordinarily might not even look at anything like that get fascinated in watching this thing and begin groaning or cheering.

And every new player gets introduced into it just because they're part of the atmosphere, and so they learn how to do it.

They're going to sit down when somebody gets up. So that was the Queen's Machine.

Now somebody in slots invented something?

No, didn't invent anything. How did I go about it? Oh, Jack DeBorde was the slot manager I appointed after I caught the earlier slot manager stealing, which was early on in my career at the Four Queens. This was in maybe 1979. Jack and I talked about everything in the world, because remember I told you I walked around with him at least once a week if not oftener. We got to be pretty good friends. Anyway, he came to me one day and said, "There's going to be a demonstration at the Hacienda of a new slot technology. I think we should go look at it."

I thought, "Fine." So anyway, we went out there, and some guy had rented one of the little meeting rooms that they had out there, and they had moved furniture out of a hotel room. But we went in there, and there was a fellow named Jim Halverson, who was an attorney with the Howard Hughes organization in Los Angeles. Somebody in the Hughes organization had come up with an electronic method—the virtual reel is what it is. And that's what we saw that day—the virtual reel. The rights to this now belonged to Jim Halverson, Hughes's attorney. He bought the program from the Hughes organization, and he had tried to get people interested several years before, and nobody had paid any attention to him. So he was bringing it back up here again, because he thought no longer would we be locked into the thirty-two stops. You would have virtually whatever you wanted. It gave you all kinds of possibilities.

So Jack and I thought about so many things that we could do with it and the kinds of payoffs we could have and what it would really give us in terms of an edge up on a lot of people if we

could get approved and get it marketed. Well, first of all, our only thought was to use it at the Four Queens initially, so I started to discuss it with Joe Amoroso. His first reaction was, "Well, oh, this sounds terrific. I think we should do this. We should try to make a business of this." [laughter] So he began talks with Jim Halverson.

And Elsinore ended up becoming a slot manufacturer and a slot distributor. We got the license to do that with this technology. The only problem was that Jim Halverson, although creative and a free thinker, didn't know anything about running a production business. He insisted on being the chairman and chief guy running this production, but he did not really know how to manufacture or market the equipment efficiently, so it ended up being a fiasco for us, unfortunately. But he had developed kits where we could take this process and retrofit machines with the technology. It extended the virtual reel and had many more possibilities of combinations, and it was a forerunner of a lot of things that have happened today, but we never had the right people driving the train to get us there.

Did you get a product that you used at the Four Queens?

We got the product. We put it in place at the Four Queens, and it did a lot for us. By the time we really started using it, we were into Atlantic City. Cash was short, as usual, so you couldn't really buy a machine. What we were doing was using secondhand, old machines.

So you just retrofitted Bally's machines.

Yes.

And it just gave you, at that point, better pay tables and bigger jackpots.

A little, and more variety, so we used it that way, and we did some promotions around it. I suppose the sad part of it was that we were now locked into this machine business, and we were a distributor and a manufacturer. When Atlantic City came along, Joe just insisted that we use these Summit machines in Atlantic City.

Summit was the conversion kit?

Yes, and what Halverson was doing was buying old Bally machines and others. There weren't any old IGT machines around at the time. I don't remember. But anyway, he was retrofitting them and then giving them to the Four Queens, trying to get orders everywhere else. They got a special dispensation from the casino control commission in New Jersey, and they got approved in New Jersey. So we used many of those machines. Whatever they agreed to. Remember there was that 50 percent rule? Was it 50 percent could be from Bally and then the rest had to be from other manufacturers?

Yes, no more than 50 percent of the slot machines could be of one manufacturer.

One manufacturer. So we used 50 percent Bally, but then what we did was plead our case that we were a slot manufacturer as well and that we should have the right to put in our own equipment for the other 50 percent, if we chose. I think we got something. I don't remember whether we used the whole other 50 percent, but we were allowed to buy and use 50% of the Summit machines at the Playboy.

Of course, had I ever known the eventual outcome of Atlantic City and that I would be living with those Summit slot machines when I went back there . . . because nobody had the dollars to replace machines back there, so they were by then ancient machines. Trying to keep the machines going was a nightmare, and I just had to live with that. Had I known then what I learned later on, I'd kill Jim Halverson or at least discourage the whole thing. I don't know whether I would have had any influence. But anyway, they put in too many of those machines in the end, because it was a nightmare to keep them going, which might have been the case with any kind of machine. But had we bought new Bally's machines, at least they would have been new at the time, instead of these retrofitted old Bally's that we brought up to the state-of-the-art with Halverson's retrofit kit.

And that's what he was doing. That was exactly what he was doing in his plan that he established. He had his plant in Reno in that

manufacturing area that is out by the airport. We rented a large building up there, and Halverson didn't know too much about running a production company. We should never have been doing that. We should have had the pros in there doing the production and service.

The self-conversion kit worked. It was pretty successful for a couple of years. Probably beside the liability of working with all the machines and having that . . . But also, the technology changed.

Yes.

And IGT came in with a similar machine plan, and everything changed.

So it became old hat anyway.

You had a narrow window. If it had come in ten years earlier it would have been . . .

Fabulous.

But it was just at the wrong time.

Yes.

So besides his liability, his timing was pretty bad.

Yes, although he had litigation action going against IGT, and Joe tells me that just since the first of the year that IGT gave him \$2 million.

Just to make him go away?

Yes.

Finishing up the discussion on slots and the innovative things in the Four Queens, for whatever reason, I haven't understood exactly how the Four Queens got into thinking that was the right place for real innovation in slot development. With the entertainment policy and all that, you can do it on your own, but you start doing research and development for a new slot product, it's a pretty big project.

Yes.

All the licensing issues and all of that. And this is a little place downtown that just decides that they're going to be in cashless gaming, two-reel slot machines, virtual reel. You're thinking you're going to be the . . .

Yes, we did. That's right. We need to talk about two reel. One of the promotions was around the two reel, and there was a nickel-machine promotion, several of those kind of promotions on it. They were pretty good. I mean, we had a lot of people come for them.

Bob Maxey made a speech I think in 1983 in Atlantic City. I'm not sure what year it was but something in the early 1980s.

Well, that very possibly could have been.

And at the gaming conference, he bragged about the Four Queens being a hotbed of animation and talked about his two-reel slot machine. He probably mentioned the Queen's Machine, too, but . . .

It was in development. [laughter]

He didn't mention cashless slots, I don't think, but he certainly bragged about it being a corporation that was very innovative.

Oh, yes. He was very intent on the cashless slot machine. He picked up the virtual reel and all that we were already into when Bob came aboard. Joe Amoroso had taken it on his shoulders, as president of the company, to not just work on this for the Four Queens, but now it's going to be something used throughout the industry. That's what his vision said. So then he and Halverson put together the companies. Joe believed in Jim, so he let him . . . I kept telling him, "Joe, this guy doesn't know how to run a production company! You need somebody who's a pro at this." But we never could get off of Jim. Jim just sort of ran the ship, and he was pushed harder and got . . . It never really made any money for us. In fact, it was a big loser for us, unfortunately, and shouldn't have been, because there was a

window of opportunity when we could have made some money with this.

Interesting, the structuring. Joe was the president.

Of Elsinore. When Elsinore became a public company, Joe became president of Elsinore and took it forward until 1982, when he said he wanted to resign. That's when Bob Maxey was hired, and he came aboard in late 1982 as president of Elsinore.

And Elsinore at that time included the three properties—what was under development in Atlantic City [Playboy/Atlantis], the Four Queens, and Hyatt Lake Tahoe. What's interesting about this Summit—and the president of Elsinore was doing this—is this doesn't match Hyatt investment strategies. You said that they did two things: that they always looked to make the right deal going in, and then if the deal wasn't good, they got out of it.

Yes.

And Summit . . .

Doesn't fit that.

You would think somebody would have, on a regular basis, looked at the performance of the company, looked at the personalities involved, and said, "Guys, we didn't make a good deal here. Let's get out of this."

Well, I think when all the dust settled, they did say, "Get out." But it took time to unwind

that whole thing, and besides, you now had a new ingredient of Bob Maxey being president of Elsinore. Now Bob was a computer guy. That was his background. He really had a bent for that, an enthusiasm about it, and so he went to the wall to protect this. I can't remember whether we were already in the process by that time, but Bob really got his feet wet. Into 1983, we were already unwinding our relationship with Halverson. We'd done that before, in 1979, probably. That is when I saw this and when Joe then took it into becoming a real business for the company. We formed separate subsidiaries to Elsinore Manufacturing, Elsinore Distribution. I can't remember the exact names, but we got them licensed in the late 1970s or early 1980s and supplied a good portion of the machines into the Atlantis, which were the old, retrofitted machines.

Notes

1. The guests paid a deposit up-front to the hostesses as an indication that they would be playing at least a certain amount of money at the casino as part of their trip. If they played at least that amount and stayed in the casino for a set amount of time, their deposit would be returned.
2. Shortly after joining the Four Queens, Dick LeVasseur left to go into business for himself. He opened a gallery in Laguna Beach, California, but after approximately six months, he returned to the Four Queens.
3. Binion's casino would take any wager and would give the best odds.

THE TEAM AT THE FOUR QUEENS

So who was on your team at this point in time? Paul was your casino manager, and that's kind of your vice-president level, and you had four people at that level? What did you have?

Three. I had Bill Kozloff; Leonard Marxen was the controller; and Paul Hayes was the casino manager.

So that was marketing?

No. I guess Kozloff did marketing and hosting. Being the grand host of the property, that was Kozloff.

And the slot director reported to . . . ?

To me. I always kept that as a direct report to me, because from the day I took over that job, I decided that slots were where it was, where I was going to make the most impact, which was true. [laughter]

Your food and beverage person would report directly to you, too, though.

Yes, and oh, the security director, food and beverage . . .

So you really didn't have a vice-president level?

No. Leonard Marxen, in 1983, told me that he wanted to retire. He was now probably seventy-five, seventy-six years old, and he wanted to retire. I can't remember now who I got to be the controller, because we went through several, unfortunately. I can remember several of them, but I don't remember . . . Well, we always did have an outside public-accounting firm, which was Laventhol until they were in Chapter Eleven, which was after Atlantic City. [laughter]

It's a shock when your accounting firm goes bankrupt.

Oh, God!

[laughter] *"Guys, you're the ones that are supposed to help us through this, and you're going bankrupt? How did this happen?"*

[laughter] When I was fighting my battles in Atlantic City, Laventhol was still our public accountant. They hadn't failed yet. Several of our board members predicted—because they thought they did just a lousy job—that they were going to fail, and that is exactly what happened.

That's interesting. Your board members predicted it?

One board member was a law professor and said this kind of accounting, the way this is done and the kind of things these people have missed He wanted to blame everything on our outside accountants.

The things that they found acceptable in the Atlantis, or Playboy-Atlantis, should have *never* been tolerated. If they were good accountants, they would have been with us more. And so Julian always said, “Those *damn lousy accountants!* They’re going to fail this company. It’s going to go under. I know it.”

Interesting, because at least at one time, people would have said that there are two kinds of accounting firms. One would say, “All of them meet the regulatory standards. All of them report what’s necessary from a regulatory standpoint.” But on their responsibility to report business practices and say, “This is a poor business practice,” that’s kind of nebulous.

Well, right.

And others say, “Our real responsibility is to say the right things, and if we don’t keep the job for that, then there are other jobs.”

And this sounds pretty much like your board members saying, “You know, they aren’t giving us the kind of advice we’re paying them for.”

Exactly. Exactly. They tolerated discrepancies that seemed at the *least* not appropriate and could be really challenged and criticized. You can’t change accounting firms in the middle of a Chapter Eleven proceeding.¹ I mean, forget it! Forget it! You couldn’t do that. So you had to stay with them.

Well, there’s at least one precedent that I’m aware of where a business was fined, and their accounting firm accepted some responsibility for a portion of that fine because they had validated those procedures. Now, you were talking about your accounting firm relative to your controller.

Yes. I probably got a recommendation from them for maybe the first person I put up there, and that didn’t work out. [laughter] We probably weren’t paying top dollar. I’m sure we weren’t. So the kind of guy we would get would be a

junior type, and they’re usually young, and they haven’t had a lot of work experience. I dealt with so many of them, and because accounting is my background and I’m particularly interested in it, I would find myself being the teacher. Rather than them telling me, I’m telling them. It can’t be this way. Probably we had a couple of youngsters in there, but we just didn’t feel they were working out for us. So I didn’t end up with anybody that made any kind of an impression on me in that position.

I had a gal named Sharon who had worked for me for years and started out with me in Hyatt Lodges and came up here to live and managed the Lotus Inn when we —Northridge Industries, the Hyatt Lodge division—owned it.² I brought her over to the Four Queens after we sold the Lotus Inn. I had her go to work, and she was kind of a multidimensional person. She was good at human resources, she was an excellent accountant and was not a marketing person or a personality person, but she was good in those kind of areas. She was very good in human resources and was one of the strong, strong people that supported and helped. Had it not been for her We had enough confusion and disruption in the strike, but she really kind of held it together for me. I had her come over, and she went to work in the cage, and she began to interact with Leonard a lot when she was working in the cage, because, of course, the cage reported to Leonard. The cage operation and the slot, all those things reported to Leonard.

Receiving?

Yes.

Purchasing?

Reported to Leonard. Well, we didn’t really have purchasing. We did get some little systems put in.

Purchasing was departmentalized so each department did their own purchasing?

Each department was doing their own, but as we got bigger, we did develop a purchasing department. But when I came to Four Queens, nobody had ever heard about a purchasing department. [laughter] I want you to know that

was absolutely foreign to any thinking. So Sharon worked in the cage, and Sharon really interacted well with Leonard. In fact, he said, "She would make a good person to put in this job."

I never did put her in the controller-chief financial officer position, but she knew and was close enough to all the accounting functions. Well, I put her in the cage because we just seemed to be having so much turnover there and so many unhappy people. It just seemed that nothing was working right in that cage, and I knew it was the center of our business, the heart of our business. So when Sharon came over, she got that straightened out for me and really was able to define the problems in there. The casino managers like to rule the cage, and they really shouldn't. The cage should be independent of the casino. That's why they're reporting to the accounting officer, but the accounting officer is often so busy, nor does he want to pay attention to the cage. He doesn't really take on that function of truly managing the cage.

So when I put Sharon in there, we made a lot of changes in terms of how the casino could talk to . . . One of Bruce's biggest problems was the way he would rant and rave at the poor cashiers for mistakes in credit or different things.

This is a regulatory issue that was another accident of Bruce's career, that where he wanted to be was before Regulation Six.³ And after Regulation Six, these functions were clearly separated with defined rules.

Exactly.

In the old days, the casino manager could walk over to the cage and say, "Give this guy \$100,000," and, "No, don't make him sign it if he doesn't want to sign it," or, "I'll sign for him. He's too drunk to sign."

They're gone, yes.

Those are gone, and he had aspired to be one of those guys.

Exactly.

And in the new world, he couldn't be. Particularly if you put a little bureaucrat down

there who wasn't going to let him be, you really set him up to fail. [laughter] Now your cage manager's name was . . . ?

Sharon Hinman.

And in some way, she's going to turn out to become a liaison with the accounting department.

She really helped me greatly in all of the internal accounting procedures with the relationship with the front desk or the hotel department. I think I eventually named her a hotel manager. She was hotel manager and then moved on from there. I don't know that I ever had a real title for her, but she was like a special-projects manager for me. I mean, things I wanted looked at or things she could bring to me that she thought had potential. She could write regs. She got very good at that.

Writing regs would be writing your internal control system to match regulations and your procedures?

Exactly. When we made changes, we'd need to be sure that it reflected exactly the changes we were making and the right people were identified in the control process. She just became a special-projects person for me, but she came in to straighten out the cage, very first of all, and stopped the turnover and stopped the bitching and fussing and established a different relationship with the pit, or with the floor man. And it was a very healthy change for us, I think. It made a big difference.

Even a place downtown, like the Four Queens, at that time, you did a significant amount of marker activity in the amount of fund transferring from the . . .

Right.

Not just the bills and credits but marker activity and credit issuance, so the relationship between the two departments is important.

Yes. If you looked at our marker activity compared to Caesars or Mirage or any of them

on the Strip, it's just a little spit in the ocean. But for us

That was a percentage of your volume.

Yes.

It still would be significant.

Yes, and we had to be careful about it. We never really had any huge, bad losses. I never had anything that I would call inappropriate marker activity. Maybe there was some but not enough that it influenced my thoughts or I thought that somebody was stealing from us or using it as a way to get money from somebody. I never sensed that. When Sharon came, I don't think she ever found that. We didn't have any scams like that. We just had to go through the transition, as you say, of establishing it as a more independent department not to be ruled by the pit, which it was, definitely, when I started out there.

And there were two transitions in my mind that had taken place. One was the personnel change as people had learned to change their business values.

Right.

And the other was that the company learned to comply with the regulations that were much more stringent by the end of 1977 or so, like Regulation Six.

It had been put in play, and there was oversight. Then, of course, that escalated to the oversight of your operation by the auditors from the Gaming Control Board, which would come in. There were five. And then we got so sophisticated that we had to hire our outside accounting firm to certify that we were following the internal controls. That came later, but you had to give up that kind of a test. What was the other . . . ?

Internal audit. The loss that was there

Internal audit. It was to hire an internal auditor, and we held out to the bitter end—

certainly not in Atlantic City, but we held out until the bitter end in Las Vegas!

The stages were the Regulation Six that imposed the need for internal controls, and then we had to fill out questionnaires about how our system met those standards, and each property had an individual set of internal controls. And the state came in, and it took us two or three years. None of those were ever approved. They were all submitted, but we never got a final approval for them.

That's correct.

But the state did come in and audit to see if you were complying with your system, and then they required you to have the external auditor validate manually that you were complying, because the state couldn't get around to audits often enough, and their audits were like once every five or six years, and they just couldn't manage it.

That's right.

They forced you to have an outside auditor to come in and audit, and then they said, "That's often enough." And they had established the minimum standards so that now you didn't write an internal control system but had to have an individual one that had to match the state minimum standards.

Yes, minimum standards. That's right.

Then you had to have an internal auditor who tested, at least quarterly, each of the individual elements to see that you were in compliance with them.

That's right, and we held out to the bitter end on it until we finally did that. I think that was during or right after I came back from Atlantic City that we finally installed the internal auditor, which was OK. [laughter]

Now my learning curve in Atlantic City certainly took me light years beyond that. I had not just an internal auditor but an internal auditing staff on top of it, who had projects that they did already. Oh, my goodness. You know, it was no big deal there. I mean, here I was back

in Nevada, poor little me, and the downtown property putting on the whole big salary of \$25,000 to \$30,000 for an internal auditor. And I'd end up in Atlantic City with a guy we were paying, I don't know, \$40,000, \$50,000 to, plus a staff.

There was a cost of controls when you talk in abstract about the cost of regulation. The first cost was in the time necessary to write the regulations. You had to write your internal control system, so you had somebody like Sharon, who spends a significant part of her time on that

Yes.

And then you had to start paying your external auditor more money.

Money to audit your projects, to audit your controls.

This was a project they took on. So there was that cost, and then you had to add additional staff. And since then, for certain, the Four Queens now has more than one person in internal audit, because the testing schedule on a large property is too much to test for one person to be able to do it. And the surveillance system was another part of that.

Oh, yes. That's right. Yes.

The whole scheme and all those people were part of the cost of regulation, so from 1975 until 1995, the cost to comply with the regulations has escalated hugely.

Oh, yes.

You were telling the story of how you found the transition in the accounting department, how you finally found somebody, I think.

Well, I never really found anybody that made nearly as much of a mark on me or what I was doing as Leonard did. I never found any person that I really felt the same way about or felt they had the same talents that he had. He was a veteran person in the business, and he

was my first encounter with someone who had really worked in a number of casinos and knew and understood.

He wasn't a CPA, but he started with Ernst & Whinney. Not Ernst & Young, as it is today, because they've gone through several name changes. He started out with them just as a public accountant, and then they were officed in Los Angeles. This is before the war and during war years, and then he was given the job of coming up here to perform audits for the auditing firm. He got acquainted up here and apparently was offered a job up here and decided to move here.

The first job he ever had when he came to Las Vegas was at the El Rancho for the fellow who owned that property. You may recall the casino was destroyed by fire in the late 1940s, and the owner's name was Cattleman. Then Leonard went on, and he went to the Last Frontier. He went to the Riviera, and then Tommy Callahan had him come down to the Four Queens, and Leonard was the only accountant that worked there from the beginning. But he had made the circuit, and I guess he impressed me, so I always felt that he was a good ally to have. First of all, I had to bring him into As I told you, he thought, just because of his generation, that women were not supposed to be doing what I was doing. And he had to get past that, but once he got past that, he and I became pretty good friends.

Did you need somebody in those positions less as you went along, so it was less important, and you worked with them less closely than you had?

Probably.

Because in the beginning, he was your balance. He was the person that asked the tough questions of Kozloff and how he was spending money.

Yes.

He asked the tough questions of the casino manager, asked the tough questions of the slot department, and he was your balance, and he helped you learn the process.

Exactly, and so then afterwards, when I had others there, I felt comfortable myself in knowing or sensing things. So probably that's why I never established a rapport or a relationship with other people that we had in those jobs.

Is the same thing true of the slot manager/director? I don't know what happened to the person, but there was one that you walked around with and did all the learning with in 1979. By 1990, I'm assuming that the same person wasn't . . .

Oh, he's still there. I still always believed that was such an important income source, revenue source, for the casino. I think I would have always kept in touch.

But would you have walked around with them in 1990 the same way as you did in 1979, to learn and talk about issues the same way?

I might not have. I might have gotten past that. I don't know.

How about food and beverage? Was the food and beverage person, when you left, the same?

Well now, that's beginning the Atlantic City story, because Ed Fasulo went with me to Atlantic City. I've got to quick tell you about the Susan B. Anthony [dollar coin].

OK, go ahead.

I've forgotten the year now that Susan B. Anthony arrived on the horizon, but it was, 1979, 1980, around in there, wasn't it?

Yes. Maybe even a little earlier. We weren't forced into using it right away.

Well, Hyatt was a public company, you know, when it first bought the Four Queens, and Bill Hightauer, Hyatt's chief financial officer, had a bank connection. He was very friendly with and had an extremely good relationship with Wells Fargo Bank in California. As the phasing out of the old-style silver dollars became apparent, I talked to Bill, and I asked if, through

the bank over there, we could get our hands on as many silver dollars as possible? I think they were just a California bank at that point, but he had them set aside some silver dollars for us. So I had hundreds of thousands of dollars of silver dollars that they had earmarked for us.

These are the old silver dollars?

Yes. So I didn't have to get into tokens for a long time, because I still had the silver dollars, and I had access to having big bunches of them sent over to us, which was great. I was able to kind of put off the threat of, "Do I do the Susan B. Anthony? Do I do the tokens? What do I do? What's going to be legal? What really can we do?" because I had access to these silver dollars. But anyway, the day came when I wasn't going to have access to those silver dollars, and it was either convert to tokens or do the Susan B. Anthony dollars, right? The token thing I was worried about, because I didn't know if they were going to allow us to do that, and they might force us all to the Susan B. Anthony. Anyway, I made the wonderful decision that we were going to go to Susan B. Anthony dollars. So we started to change our machines—we had to fit our machines to accept the Susan B. Anthony. [laughter]

Which means the coin acceptor had to be changed from accepting the standard-sized silver dollar to the . . .

Right, the smaller Susan B. Anthony.

Bigger than quarters, smaller than dollars.

I wanted to do it quickly, so I stepped up, and I had slot mechanics working around the clock so that we wouldn't have any downtime. We'd just do it as quickly as possible. So now we opened with our Susan B. Anthony. That's the coin of our realm. [whispering] Oh, it was terrible. After two days, I was just absolutely panic-stricken. Here was my cash cow disappearing before my eyes on a decision that I'd made. I took our slot mechanics, I gathered them all in a room, and I said, "We have to change these machines back. I'm going to pay you overtime, double-time, whatever it takes! I

want you guys to work over this weekend and get these machines changed back. We cannot live this way."

We sent out a frantic telephone call for tokens, and I think we still had enough inventory of the silver dollars around that we could operate for a few days, you know. Rushed to have some tokens made, just to get us by, but I will tell you, it took no more than two days. I am now an absolute believer that as long as a person has a choice, they're not going to use those Susan B. Anthony coins. They're going to go where they can play with those big, old tokens. It doesn't matter whether they're silver dollars or tokens. They can use them, and they had that feel. So that was my story on the Susan B. Anthony coin.

Yes. And I would guess most other people tried a few machines, but they just got no play at all, and that you probably lost 90 percent of your revenue in your dollar slots.

It just evaporated. Oh! So that was one of my not-so-good ideas. Not so good—terrible! Terrible. But fortunately, I reacted quickly, and everybody worked. They really did go to work, and they got us back together. So I didn't miss too many . . .

And the tokens you had to order. Eventually, you'd go to some place like the mint in Philadelphia, and you get . . .

Big orders of those tokens, and it's not a small expense. It costs you, but that's all right. You were really making a lot of money for those dollars that were never being redeemed.

Do you remember about how much you paid for the tokens that were bought?

Something like twenty-five to twenty-eight, thirty cents, around there in the beginning.

And then what you're saying is that if somebody bought it for a dollar . . . because you sold it to a customer for a dollar, and they'd play the machine for the dollar, and you'd redeem it for a dollar. If they took it home with them you paid thirty cents, and they paid you a dollar for

it, so you made seventy cents every time they took it home. You said, "Thank you very much! Take home more!"

Yes.

Now that's evolved to even a small industry, where people do commemorative tokens. They do twenty-five-dollar ones, fifty-dollar ones, and one hundred-dollar ones commemorating the Tyson fight or whatever.

Yes, and people will take them home. They become memory pieces that people pay for. Some of them love to do that. Yes. Interesting.

Remember Jack Crawford, the keno manager that came back that I had in training?

Yes.

Dave had put him back to work. He had left while Dave was still at the Four Queens and then came back, and Dave had decided to have him just work his way through the casino and learn all the games and all the departments in the casino. So he knew keno, and that was it. Dave started him off, I remember, in the pit, and he had to learn to deal for blackjack, craps, and roulette and then actually spend time dealing all those games. I can remember him doing that.

Did you pay him a premium or did you just pay him as that?

We didn't pay him what we were paying him as a keno manager. I know we didn't give him that much money, but Dave gave him certainly more money than . . . He was on a fixed salary, maybe \$20,000 or something. I don't know in those years. I can't remember now, but he came to work for an annual salary of some kind and then would be good enough that he would go through this training process. To what end, I don't really know, although Dave expected him to become some kind of an assistant manager of some sort or a casino manager or that kind of thing.

So did you continue with the process?

Yes, I did. I kept him moving around, and we had a poker room disaster, so after that, he went over there and worked in the poker room, and he helped straighten that out and learned about poker. He went to work in the cage. He worked, first of all, just as a window cashier and then actually ran the cage for a while before Sharon came over. Maybe he was part of the problem in the cage, I don't know. [laughter] He was an old-time casino guy, and so, of course, some of the treatment of cage personnel was not unusual. That was the way it always had been done, and he didn't see anything wrong with it, although he was a very gentle man, and he himself would not have used some of the language that the floor people and even upper-level management in the casino would find necessary at times. He didn't use language like that. He was just not that kind of a guy, but he didn't find their behavior to be anything that needed to be changed. It was OK.

He didn't fight it like Sharon did.

No, no, he didn't. So he worked around in all these different areas. He ended up becoming casino manager after Paul Hayes left in the 1990s. That was it.

So he did finally end up in something that was . . .

He ended up being the casino manager when Paul was going to leave.

That's a twelve year apprenticeship.

Yes. He ran the poker room for a long time.

Was it worth it? I mean, did you get much value out of it? That's obviously what Dave would have asked.

Yes, because I used him in the poker room, and he was very valuable there. He became the poker manager.

Do you want to give us a brief rundown of the poker problems and why? You said poker was a disaster.

Yes. I brought in a guy from the outside to come in and run the poker room. The poker room was just sort of nothing. It wasn't doing anything, and it just seemed to be a problem area that really wasn't generating very much revenue for us. It was taking up casino space. You almost came to the conclusion you should take it out, and yet I really felt there were enough of our players that liked poker and wanted it as part of their experience at the Four Queens, whether they were hotel guests or just came downtown to play, so I wanted to keep it.

Anyway, I finally hired Billy O. He had some wild last name that was hard to pronounce, like a Polish name, so we called him Billy O., and Billy O. ran the poker room. He created more activity over there than you can ever imagine. I mean, it was busier than I'd ever seen it. I'm thinking, "Oh, my gosh! What's this guy doing? How great he is!" I really was impressed with what he did. Well, what he really was was a loan shark, and he was loaning money to everybody who would come in to play poker and then being the top collector, is what I finally found out. But boy, did he generate activity over there.

He really got the place going until I realized what he was doing, and that took probably six months to a year until we really counted You know, you begin to get feedback, you hear people talking about what's happening. And then I finally found out what a disaster it was, even though it certainly gained us a lot more activity, but you couldn't allow that to go on. Some day he would have been charged with something, had I let him continue, and I wasn't going to allow something like that to just be done that way at the hotel. So I had to fire Billy O., and then Jack took over the poker room for me and worked there, which was great.

Did you experience any of the couple of other traditional problems in the poker rooms that Regulation Six started to address but it took a few years for most everybody to get them out? One had to do with shills and whose money it was and how shills always lost, but if they won, they were playing with their own money.

[laughter] They were playing with their own money. Oh, sure. We went through all of that.

The other was the shark mentality that the dealers and the poker-room manager sometimes had.

Yes, they wanted to . . .

Prey on someone, and as soon as somebody came that was a sucker . . .

A likely target.

. . . then they'd all reach in their pocket and get their own money, and that's how they'd rob shifts from playing.

Oh, yes, or they'd have agents. They were working with people they'd bring, and they'd call them all and let them know that they had some live ones in there, and pretty soon, these old-timers would arrive. [laughter] Whatever they did, they did. So poker became an increasingly more difficult thing to manage. There's no real way to get a grasp of that. Binion's has a very successful, huge poker room, and so does the Mirage, so somehow, they've gotten the hang of it.

One of the solutions was to take an outsider who understood the mathematics and the abstracts but wasn't a poker player, put them in charge, and they just cut down all the stealing.

Yes, and wouldn't let that happen. You wouldn't feel that they would bring that kind of element into your poker room, or they knew that I didn't want it there, and they weren't going to do that, if they knew how to do it, even.

And usually they didn't?

Yes.

Which meant that some stuff went under that they didn't understand what was going on around them, that they didn't know.

Yes, but at least they could have found out about all this activity.

But it also usually means that the level of activity drops way off.

It did.

The poker room is never as successful with the non-poker player managing as it is with the . . .

No.

I mean, there's some dynamics that motivate the changes.

Yes. Yes, but you know, we worked through it. These were all learning experiences for me, but I guess anybody would have had to go through them. So we lived with it, and everything got along fine.

In Steve Wynn's case, poker became a driving force. I mean, the best poker guy in the place [Bobby Baldwin] ends up being his number-one guy under evolving circumstances. And he becomes his general manager, and then, really, president of the Golden Nugget. And in our new world of guys like . . . Because Bobby Baldwin came from the other side. Jack was well-educated and had a whole sense about it but knew and understood.

So, I brought in the manager from outside, Billy O., to turn the poker room, to give it more life, and then found that instead of giving it more life, he brought a lot of sin to it. [laughter] I realized I had a mess over there. I looked again to the outside to bring someone in. It was probably a bad mistake, but I did.

It just so happened I had a resumé from a guy who had been working in poker across the street at the Golden Nugget. His name was Don Maedgen, and he wanted to leave the Golden Nugget. He really wanted a poker-room manager's job, so I talked to this young guy, and all he had ever done was play poker or manage. [laughter]

He was from Texas, and he came because he liked to play. He'd been a fireman and worked in a little town that he lived in, and he grew up in this fireman's job playing poker in his off hours. You know, you learn to play poker. So now when he came to Las Vegas, he really apparently got caught with the bug of playing poker. So when he came here, he started playing but then found that that was not going to

support him. He wasn't going to be able to live on poker playing, so he started working in a poker room, and I think he probably started at the Golden Nugget. He dealt for a while, and he was really a well-organized guy. He could articulate his organization, and he could set up organization charts, and he had a place for everybody, he knew the procedure, he had a schedule for when the game would work and when they left. He really brought, from a lot of chaos, a lot of order. From his resumé and the way he presented things, I could see that he had this.

Don came in, and he did a really terrific job. Cleaned it up right away. He knew and understood, because he knew about the sharks, and he knew about the loansharking. Of course, it's amazing in the poker community, more so than in the table-game community in the casino world Poker, it seems, has a faster rumor track than any other that I know of. Everybody knows who's doing what to who in every other poker room and what kind of a place it is. I'm just amazed at how they talk to one another. They all know! Much more so than the table-game area or keno.

The same players move around to every poker room.

That's true.

So they'd all talk about it from one to another to the employees that are everywhere.

Yes, that's true.

And they all look for a game.

Anyway, Don, working across the street, had heard the horror stories of Billy O., and so he came over, and he did it. He did a really superb job in cleaning that up, so then I thought Don could do other things because of how well-organized he was and how he could articulate his plan and his whole vision about things. I needed help, I think it was, in the hotel department, so we had him go over there for a while, so he kind of moved around like Jack had been doing, and I put Jack in charge of the poker room. That's how Jack moved into the poker

room, and I started to move Don around a little bit to do some other things.

He was more like Sharon, though? He was a fixer for you?

Yes, he was a fixer.

And Jack was a trainee.

Jack was a trainee. Jack didn't want to upset any Wherever he went, he kind of left things. He went in there to run but not to take any real active action. He didn't really have a thought about cleaning it up or correcting it. Hand him something that's fixed, and he'll keep it fixed. Do you know what I'm saying? But he wasn't there to take on the battle of fixing it.

It's an interesting question that comes up in Indian country and comes up in every small casino. It's the nature of that kind of process where someone goes in as a learner. He comes in thinking, "Oh, I don't know very much," and accepts the system, and he stays with the system as opposed to being a fixer. With Sharon, you never said, "Go learn this." You said, "Go fix it."

Yes.

Probably never worked there before. "Go fix it." So the question is, what do you think would be a good system? In 1976 or whenever, when your husband decided to put Jack into training and go through this process, by 1990 when he'd finally become your casino manager, he probably wasn't very dynamic.

You're right.

And the departments he'd been in, he hadn't done very much change in them. He may have learned a little, but he didn't contribute to them in any sense.

No, and he didn't become a stellar casino manager, either, really.

Although he had this long training process.

That's right. He was tremendously loyal. He had a real sense of staying with things. He was extremely tenacious, and he would stay with things. It's just that he didn't have this imagination that, "How can I make it better? What can I do to make it better?"

Was that the process or the person? Do you think the same process would have worked better on another person, or do you think it was the process of going to learn from one to another department?

The poker-room guy was going to initiate new processes and new procedures, new ways of dealing with employees, new everything, and Jack didn't have that. It was not him. So I think it was more the first, probably. It's hard to say, because Jack grew up in it, as Don did, in an area of a casino.

It's a challenge. Well, let's go back again and say what we were talking about before about what you manage. We said that the poker guys, some of them, had an instinct. They had player instinct. They could build that exciting atmosphere, because they knew and understood the poker player's mind, and they built poker games, and they had cheated you out of your money and cheated everybody else out of theirs.

But they managed to create this business with lots of people coming to them.

And the same thing is true with some dealers in the table games and other places, that there were people who really understood the instincts of the players, because they're players themselves. The sports book is run by people like that a lot now.

Oh, absolutely. You know how they make them successful, really! Well, look at the history of sports betting, particularly. Frank Rosenthal made the Stardust's sports book one of the most successful sports betting rooms in Las Vegas. You know that guy that ran the sports book—one of the first ones—at Union Plaza? A really great guy, too. Johnny Quinn. And they were all playing. We were all players.

So you were a player, and you tried to manage revenue, to grow the revenue wherever you saw the possibility, but you also tried to manage excitement. You understood excitement.

Yes.

When you want to bring something new . . . You put a guy in training. He's in it for fifteen years and isn't creative and doesn't develop any creativity. He doesn't know that he's managing. Is that what we miss?

I don't know whether he just is the kind of person that says, "My mission here is to keep things level, even, and do the best job I can with the people I've got to work with and don't cause waves, don't make big changes." Whereas there are other people that would walk into the same situation and come to the management or design a plan to do something different—bring some new marketing or a technique of doing something a different way to improve efficiency or to do a lot of things.

You said it was a case where he didn't ask, "How can I make this better?" Did you use that as something you asked yourself on a regular basis?

Yes, always.

Did you use that as a management dialogue? Did you ask each other that?

I think we did. In looking back, I really coached Jack. Maybe I'm at fault. Maybe I just knew I could count on him and never really talked to him about, "Hey, Jack, are you really looking at this department? 'How can I make it better?'" I don't know that I did that. I can remember having those conversations certainly with Don Maedgen and Jack DeBorde and Paul Hayes when I brought them in. So I don't know.

Is it because you picked people who . . . ? The first time through, you interviewed people for trust, and in the process of that, you identified some people who you liked and developed a great rapport with some of them.

Yes.

Was that one of the things, that there just wasn't the chemistry with that person for you, so you didn't . . . ?

Could be. I didn't have the same relationship with them.

You didn't mentor.

Yes, or coach. I liked Jack. I mean, it wasn't that. Somehow with these other people, I felt they had the capacity to have new ideas or to do some research or find other ways to do things. I guess I didn't with Jack, because I don't remember that if I was unhappy with what was happening in the cage, I'd have said to him like I did to Sharon, "Go fix it." I didn't try to get him to fix it, because I probably lacked the feeling that he could fix it, that he would be of the temperament to be able to. She just went in there. I knew she could fix it, because she'd go in there and look at the way they were doing things. She'd talk to the people and find out and be able to sort out their stories about how they go about their job and what they were doing—as to whether they were crybabies or whether they were people that were really intent on their job, whether they were honest or dishonest, whether they were a good employee in that particular area. I think that I thought Jack would just take what everybody said to him at face value and just not look beyond it or not hear anything or look for anything beyond it, so I just didn't have the same kind of feeling for him.

What do you think were the cues that you responded to in people that you said, "Number one, I can trust them."? Because that seemed to be your first thing; two, that they had the right technical skills; and then three, that they were the right person for creating, because you were always trying to create the Four Queens.

Yes, right.

You didn't ever try to just operate it as it was. You were trying to create something that was better than whatever you inherited. What do you suppose the cues were that you saw in the people—in Sharon, in Don, in whoever the other people were that you said, "I really want this person as a key part of my team."? Because there

doesn't seem to be a job description for you or a title—you just had certain people in the organization that you built the organization around.

Yes, and I don't know what it is. What differentiated Jack except that he was there and a good and loyal employee, and he never created huge problems for me, so I accepted that and let him just sort of roam on? I didn't think he had the innovative skills to do anything, but it was wonderful to have him in there, available, so that when I wanted somebody to step into poker, I knew I could ask Jack to do that.

You'd already fixed poker.

Yes, and so now he could go in and . . .

So you just needed somebody to maintain it?

Yes.

And you could trust him always to keep it going.

And then when Paul was leaving us, I talked to Paul about it. What had we done with poker? Because by the time Paul resigned after I came back from Atlantic City, Jack had already moved into the pit and become a shift manager. He really wanted to become a casino manager, so he left poker.

Did Paul think he was a good candidate for it?

Yes.

You haven't said what Paul brought to the organization. What were his strengths, and what did he bring to the organization?

Refreshment. Refreshing understanding of what regulation meant, how we could keep ourselves in compliance and keep all the employees looking the same direction. See, he was exactly what we needed, because he came out of Atlantic City. He'd worked there since gaming had become legal there, so he understood how that worked and that you had to get everybody on that team in a regulatory environment. It's a regulatory way of thinking, and in Nevada, we had very little of that going

into this period that we're talking about. Am I right?

Yes.

I mean, certainly very little of it comparatively. And so it was wonderful, because he came in, and he understood the internal-control procedures exactly. He understood the Six-A regulations and what we had to do in tracking people and being sure that we took care of the reporting requirements there. He observed all of these things and didn't fuss about it—thought it was perfectly all right to tell the people that was the way it was, and that's the way we're going to operate here and now. Not in a dictatorial fashion but in a way that he could get them to do what he wanted them to do. He took the time. He was a good teacher and took the time to tell them that this is the way it is in this world we live in today. He was able to kind of swing into that new method of doing things, where Bruce had no way of making that transition. But Paul was the right guy, because he came out of having worked and lived with it.

So now all Jack needs to do is to maintain. You're not expecting much innovation out of the pit at this point, just maintenance.

Well, Jack kind of worked his way through. We straightened out the poker room and then went on to do some special projects over on the hotel side. By this time, I was off to Atlantic City, so Sharon really used him to do a number of things. He worked around. He helped out in slots. He was a great guy for doing that. As I say, he was very well-organized, he could document things, he knew what to go and look for, he knew how to research things. He had some qualities that you didn't find around in your average casino person, so he was a good person to have available to do all those things and then ended up playing a really important role in the final analysis.

We've talked through your learning process, the development of your understanding of the casino, the changes that took place at the Four

Queens and all that. Is there anything you think that we didn't talk about, about the Four Queens, that was important in your way of understanding the business? There was one element that surfaced a little bit in the conversation, and that was purchasing. Did purchasing continue kind of ad hoc until after you got back from Atlantic City and really had dealt with that, because purchasing in Atlantic City, then, becomes big business?

Oh, yes. [laughter] Big business.

You've got tightening controls.

Oh, a regulatory structure you have to live with then and report to.

But also the vendors are licensed in a different way, and there's some implication about the kind of controllers in those organizations.

Right.

So what you had to learn there, did you bring that back to Nevada?

No, I think we'd established a purchasing department. It wasn't real formal, but we had a purchasing agent before I left to go to Atlantic City. There was really nobody else in the department, though. By the time I came back, there was a helper—somebody who was doing more of the clerical work—and the purchasing person was calling around and getting quotes. Of course, I chose to leave the purchasing of technical stuff, like slot things, with the casino. I left that with the slot manager, because I trusted him.

That was a changing thing when you first started. Slot parts and slot-part inventory was a big number.

Yes.

You'd have somewhere between \$20,000 and maybe \$100,000 worth of parts inventory.

Different parts and things to keep your slot machines.

And that changed toward the end to where slot parts are a minor thing, and we don't call the people mechanics anymore. They're technicians, because they just change boards, and they don't repair things. The capital budget is purchasing the slot machines.

When you start, you tell the story about adding more dollar slot machines. At that point, you're just adding a machine or ten machines at a time. You're negotiating that with a Bally rep, to buy ten to fifteen machines, whatever it is. Somewhere along the line, that gets moved into being an annual capital expense where the slot director is given an annual budget. He submits a thing for the next year. Tell the story of the evolution of that process for you.

Well, unfortunately—and I've said this so many times in our conversations, too—it always seemed I was working with a cash-short budget for those kind of things simply because of some of the erroneous things that came along. Not that the Four Queens wasn't generating cash, but the cash was being used for other projects, so we never had the luxury of truly looking at our slot floor. Jack and I would talk about this until forever about how, "Oh gosh, if we had the money, we would do this. We would get the newest of the . . . " And this, I feel, is one of the ways that the Four Queens did not keep up, particularly when I was in Atlantic City. Not having the ability or being under the restriction of not being able to spend money, really, which meant not keeping ourselves current with popular games.

Did the Atlantis's Chapter Eleven affect the Four Queens' ability to keep up, too?

Well, we didn't put the Four Queens or Elsinore into Chapter Eleven, but we didn't make capital expenditures, because we felt we were under such scrutiny by the bondholders. Even though they had nothing to do with what was happening at the Four Queens—or should have nothing to say about it—we felt we'd be criticized if we, all of a sudden, turned up replacing half the slot machines in our place. It was just that the board wouldn't have permitted it. The board would have felt guilty about it if I had suggested it. I just knew that we couldn't do that.

Could you make a decision at that property level, as opposed to the group? The board had to approve it? You don't buy slot machines one at a time, and in those days, you were paying \$3,000 a piece for them, \$2,500 to \$3,500 for them. You could buy them one at a time?

Yes.

Expense them.

[laughter] And just keep on . . .

They'll never notice the difference. Granted, it's not an honest way to do it, but . . .

No.

And certainly the IRS and state would have said, "Wait a minute, you can't expense this."

"You can't expense those slot machines."

But you certainly could have done something like that with the board.

I think that we did. I think that we did it on a much smaller scale that didn't keep us really current the way we should have been. And I think we lost ground, because in 1985 when I went to Atlantic City, we were one of the best. I *know* we were. Our win was probably one of the best per machine in the whole neighborhood. When I came back by 1990, we'd begun to slip, and I'm sure we lost our market share as well. I mean, first of all, downtown revenues by 1990 had flattened out, all over at every hotel. We weren't making any gains over prior periods.

The Mirage opening had an impact.

Yes. The second part of that was that I believe I lost market share while we were gone, and one of the reasons, I feel, is we just didn't keep up equipment-wise with what was happening around us for all the reasons I've talked about: for not having the capital budget to do it, my not being there saying, "Oh my gosh!" watching this and saying, "We've got to find a way to get these slot machines."

What year did you start the building in Atlantic City?

We built in Atlantic City in 1981.

So 1981 on, you were cash poor.

We continued to be cash poor, right.

And it's an interesting industry question that if the slot machines make the most money, how do you sit and not say, "We're going to put back \$250,000, \$500,000 next year into slot purchases."

One of the things, I suppose, is that when we discovered the Summit system and we put new glass into it, we could play the new games. So we kind of told ourselves that even though we weren't buying the latest toy, we still could make the public believe we were by dressing up our machines with some change of glass and change of game. That worked for a while. You know, that was helpful. But by the time I came back, all of my neighbors' machines looked like a world I hadn't been in. Obviously I'd seen what was new, but they were there all around me. The Golden Nugget, even Binion's had state-of-the-art equipment, and we were still with some retrofits, so we were at a great disadvantage by the end of 1989.

Part of the conversation we had in the beginning had to do with the need to always be on the leading edge. You always had to be reinvesting at a level that boards have a hard time understanding, that bondholders can't grasp, that stockholders don't grasp, but if you lose the edge, maybe you can never get it back. I mean, the question becomes in 1997 or 1998 . . .

If you've lost it, how do you get it back?

If you've lost it . . . Like the possible new ownership with the Four Queens. If it's true that someone's going to buy a significant percentage of the Four Queens, and if it were true that he, then, would be a person who wanted to try to be leading edge and not conservative and not reduce expenses and debt, but to be a dynamic property again . . .

He'd invest.

Has it already lost so much market share that you couldn't rebuild it?

Well, I don't want to wager you couldn't. You certainly could physically change the look of the property, put in state-of-the-art, because they still don't have . . . They've done some slot replacement, come up with some marketing plan. What would dramatically change the Four Queens would be diverting those people in off the street, and this was always the premise of the Fremont Street Experience. "We'll build this lure to get people downtown on our street. We're going to get them on our street, guys." That doesn't mean that they're getting you in the door of the Golden Nugget, or that they're at the Four Queens or anyplace else, because then it's going to be every man for himself on the street, which depends on how the property looks and the specialties offered. You got the people there. You put in place the thing that's going to bring them there. Now it's up to you to develop the kind of marketing, the look that's inviting, the kind of marketing plan where you can compete effectively with everybody around you.

If I look at the Four Queens today, they either have chosen to or just have not been paying any attention to making those changes. Now when I went to see Marty Gross⁴ the other day about a downtown project that I'm working on, he said, "Do you know what we're getting?"

I said, "No, what are you getting?"

He said, "We're getting new air doors, the thing you talked to me about!" So they are going to take out all that, which is great. They're going to take out all that section, because the very first thing when I knew the Fremont Street Experience was going to happen, I got prices for building a state-of-the-art air door from the corner of Casino Center—all of it, as far back as we could take the walls out. So you can open yourself up entirely to the street, which is what needs to be done, and they are finally, now, seven years later, getting around to doing that.

The slot thing is typical of this in that, except for this brief period of time between 1977 and 1981, you were still doing it on cash. You were still doing it on a limited budget. Everything that you were doing, you were still doing pretty much

without a lot of resources put into it. That is very limiting. The number of machines that you purchased at the time, the way that any of these things were, in retrospect, so obviously necessary. And to compromise, some of it seems like a good compromise, but it's so short-sighted, and in the long-term, they're still living with Summit conversions. I mean, now they're ten years behind.

Well, I don't know that they are today. I hope they're not.

If they haven't replaced all of them, if they have any of them left, that's a serious liability at this point.

Yes.

So that kind of short-term, short-cash kind of thinking is catastrophic when you get down the line.

Yes, it is.

The doors are a good example. Whatever it costs to do the doors, if you wait seven years to do it and the Fremont Street Experience has been open for three years or whatever . . .

Two years now. Two and a half years.

But you've had the doors closed to those people, literally. There's a door between yourself and 20,000 people that are delivered every day outside your door, and you've closed your door to them.

You would think they'd beg, borrow, steal, or find a way to get those doors in.

A question, I guess, about the casino industry being a small industry and the mentality of thinking in little units—in small, cheap units that were characteristic of the early development before public money became available and people had larger budgets to do it. That kind of really tells the story. You get the right slot machines and enough slot machines, and you do Summit conversion kits one at a time and have your guy go to California to get computers

one section at a time, all of that. You were successful almost in spite of the limitations.

I don't know, call it all the way from great vision to just being lucky. I don't know what you want say about it. Being persistent—that's really a quality that you have to have. Anyone in the same spot I was in would have had to have persistence as a part of their personality. You *must* stay with it to hopefully find the right conclusion.

Were you part of the process of selecting the person that was going to stay and be with the Four Queens in Las Vegas when you went to Atlantic City?

I didn't have anybody. Well, Sharon was there.

Sharon became your general manager?

Well, she didn't really become the general manager, but she was a clearinghouse when all of us left. When I went to Atlantic City, I took Dick LeVasseur, who was the marketing guy. Remember, I told you the story about him. I got him from the Golden Nugget, and then he went to Laguna Beach and started his gift store, and he'd come back, and he was working on special projects. He'd come back in the summertime of 1985, and I put him to work on special projects. In the fall of 1985 was when the Atlantic City mess really happened, so I took Dick with me when I went to Atlantic City, to be a marketing guy, and I wanted him to explore, "Is there any help that we can bring to this situation?"

Here's another one. You've got at least two, I think three—I missed somebody's name in here—employees that you got out of the Golden Nugget organization that came and brought a lot to you. Was it just coincidental? They were cycling through the Golden Nugget, and they were ready to leave, and you were across the street, so they said, "We see a problem over there. Let's go put in a resumé."

Well, I think that was John. I think that was John Major, definitely.

Or was it something they learned over in that organization? Did they learn something over there that was part of the organization that brought something to you that helped your business?

Oh, yes. I mean, there were a lot of things, I think. Thinking about Dick and what he brought, because he came to us when we had no real marketing program for the casino—I'm talking now about table players. We had no real plan to stay competitive, particularly with the Golden Nugget, because they launched into special parties. I was totally comfortable with the slot programs that we'd built and what we were doing, but I didn't have people on staff or people around that could deal effectively, I felt, with the new competitive environment we were in for table-game players.

Dick had been instrumental in organizing some of the events that the Golden Nugget had conducted, some of the things they'd done for table-game players, so he was very helpful in helping us design some of those kind of programs. We did several junkets from other cities, like Dallas, and some of the things that you've heard about that took place. But we just didn't have the know-how on our staff to do those kinds of things that Dick did.

You mean that there are the discussions in the industry of what the big guys are doing, what the Strip guys are doing, and what Steven Wynn's doing in terms of junkets and everything, but the little properties didn't have the expertise or the money to do that?

Exactly. Nor did we have contacts. Where are you going to find the rep in Dallas that's going to organize this group for you? How are you going to find that person? Where are you going to go?

Notes

1. The Atlantis filed for Chapter Eleven in November of 1985.
2. The Lotus Inn was one of the Hyatt Lodges operated by Jeanne, her husband Dave, and Joe Amoroso. It was the only Hyatt Lodge that housed a mini-casino (approximately one hundred slot machines and five blackjack tables), and it was also the largest Hyatt Lodge, with three hundred rooms.
3. Regulation Six is a gaming regulation requiring casinos to track players who either want to put on deposit in the casino cage or bet in cash more than \$10,000. The federal government implemented a similar regulation for all manner of financial organizations, requiring businesses to identify the individuals who do this and report periodically the names, social security numbers, and amounts either spent or deposited. The idea was to try to control money laundering. At the time Jeanne was with the Four Queens, the regulation also required reporting the same information about individuals who won more than \$10,000 in cash.
4. Marty Gross became the general manager of the Four Queens in the mid-1990s.

LICENSING AND CHAPTER ELEVEN IN ATLANTIC CITY

Now we've talked about it already, but in discussing Atlantic City, I'd kind of like you to tell the complete story of the Playboy licensing—or non-licensing—and then the Elsinore licensing and a little bit of the structure of licensing in Atlantic City as you experienced it.

OK. The way they handled things in Atlantic City, you got a license to operate the property after it was built, because you had to put your dollars where your mouth was, so to speak, and really show them that you were going to build the building as planned and approved. You really had to go down to the wire until you were almost complete to support your plan to get a license from the state of New Jersey.

We opened in April. They might have, in late fall or early fall, started to have all the officers and directors of the company that was to be the license holder fill out the one hundred-and-some-page application. It asked a lot about you all the way to your grandparents and their names and where they lived and who they were. I don't think they went to great-grandparents, but they did go to grandparents and then everybody in your family. You had to describe your brothers-and sisters-in-law if you had them and give full names and birth dates if you knew them and where they lived. They wanted, really, a whole chronology of your background in that sense.

Of course, most of us don't have all those things right around us, so we have to call all our relatives, wherever they are, and try to get this put together. And that, in itself, is a major undertaking, and many of us considered it a major nuisance. [laughter] But if you're going to get a license, you had to do that.

You're submitting all of this through your attorney, who's a major-league attorney whose practice focuses on helping people get licensed and dealing with the regulatory agency in New Jersey. Many attorneys really specialize in this kind of work. So then you hand this thing to the attorney. And speaking on family background, I'll say, "Oh my gosh, I can't tell you what this brother-in-law of mine was or did, and he's gone. He's dead now." Nobody was dead, except my grandparents and my own parents, but you just say Finally then, if you were unable to furnish these details about one or two of your relatives, you'd say, "I don't remember," or, "The information isn't available," or whatever. They didn't prevent you doing that, but they really wanted you to be very complete about your background, where you came from, and who possibly might be in your life.

Did they contact those people and do any investigation?

They didn't in my family. In my family, they didn't, but they came to your neighborhood and would talk to your neighbors if they could—really get a kind of a survey trying to determine what kind of company you kept, who your friends were, what was the neighborhood like that you lived in, those kind of things. They really did look at those things.

If you'd had an Italian last name or had been from Chicago or Detroit, do you think it would have been more complicated?

Never had that feeling, no. I don't know. That may be true.

They were looking under rocks for Mafia, in some sense.

For connections with undesirable people. For people that they wouldn't give a license to in the state of New Jersey.

And at this level, did they do a financial history investigation, too?

Oh, yes. A big part of this one hundred-and-something-page application was a very detailed financial statement of your own net worth—what you had and what your income was and what your liabilities were. Then they would come in—and they did with me on several occasions, because they update—and you would give them sample months or sample years of different bank statements, tax returns, check registers. These are your own check registers.

The most wonderful story of all is this guy coming back to me. We once had a store here in Las Vegas called Joseph Magnin's. In my check register for this particular year that this investigator was auditing, there were a number of checks to Joseph Magnin's. At the end of the thing, this was the only thing he could find. He says, "Who is this fellow, that Joseph Magnin, that you keep paying off?"

And I started to laugh. I said, "Joseph Magnin's is a very well-respected and quite well-known department store." Or not a department store but a dress store here in Las Vegas. Well, the guy was somewhat embarrassed, and I said, "If you want to know where it is, I'll take you

out there. I'll show you where it is," because it was right on the Strip. But that was the kind of thing. I didn't have anything that they could really glom onto or question. My background was comparatively uncomplicated, probably, for most of the people that they were looking at.

And most of the board members of Hyatt were kind of that way. They were sterile, by comparison.

Yes.

But the Pritzker family they did find interesting.

Yes, they found them interesting, and I suppose that would be because of their having a teamster relationship—of people having that impression, of knowing nothing beyond that, because of the stories and because of the rumors and because of the things written. Just the whole reputation that the teamster's union had in those years would have caused somebody to say, "Well, hmm. I know that has to be something. There's got to be something wrong with that. There has to be some kind of a deal in connection with that."

And Hyatt had borrowed money from the teamster pension fund for not only casinos but a number of hotels, and they'd used the teamster's fund a lot.

Yes, because it was where they could borrow the money at the best rate. I mean, it had nothing to do with . . .

And the teamsters had actually come to them about the Hyatt at Lake Tahoe. It was King's Castle.

Right.

They had King's Castle. It had been closed.

Remember, I told you that they just kept, like, one hundred slot machines on the floor, and they kept it open so they could keep the license alive at the location? They came to Skip Friend, or Hugo Friend, who was president of Hyatt and was Jay's brother-in-law, and said,

"We're going to give you the money, but just take a look." This was really the way it was said. "We will let you have this place for \$20 million. We'll sell it to you for \$20 million. That'll be the full purchase price of this property. If, after a year, you can't do something with it and you want to give it back to us, that's fine." It was really at this very low interest rate. Of course, I think that's one of the things they quarreled with, but the teamsters just wanted to get it off their books. It had nothing to do with our intimidating them in any way.

Or the implication would be that somebody was being paid.

Yes, somewhere else.

That Hoffa or somebody was getting a kickback and to the side.

Yes, but absolutely not.

And they gave them a lower interest rate as the compensation for taking this undesirable, risky deal.

Yes, risky deal, seeing what we could do with it. So that was exactly how the thing was made. And all the loans I'm speaking about—and I will say this forever—there was nothing inappropriate about them.

You were part of the negotiation for the second loan, the \$30 million loan, and you talked about that earlier.

Well, no. I wasn't part of that negotiation. I just knew it was being done. Dave was still alive when that was done, and I had no part of that. It was just that the \$30 million was lent to Hyatt as a loan on the Four Queens, and the Four Queens was collateral for that loan along with whatever the Four Queens had at that time. It was in 1974 or 1975 when they took back the money they'd spent in 1973 and then pocketed the rest with intent to probably spend some of it at the Four Queens and do other things with it. I'm sure that some of that money went into the Hyatt at Tahoe, because there was a need for refurbishing and rebuilding King's Castle and

making it into a Hyatt property. It required a several million-dollar investment to bring it up to what a Hyatt hotel should look like.

You said that, with the Atlantic City property, the board pressed forward always to get the property up and opened. But at some place, when you are listening to the problems that Playboy's having with licensing and you're talking about this, did the board ever say . . . ?

No. No, we didn't. We didn't know about any problems with Playboy. As I told you, we were all asked to complete these forms. Playboy, along with us, felt we would walk through the licensing, that we weren't going to have any problem. Playboy was doing the same thing over in their offices, wherever they were in Chicago. We were all completing our applications. Then there was a period where the Casino Control Commission is then given these applications, and then they send their investigators out to look at each one of us individually. So there's a month's worth of getting to the point where you have a hearing on the license. Given the complexity of the Pritzkers', they probably started looking at them a year before. Taking some of the directors, they wouldn't have started . . .

I think that my application was probably submitted in the fall of 1980, and the hotel opened in April of 1981. The investigations were going on at both Playboy and Hyatt through all of this probably for a year. Maybe the Pritzkers' may have taken longer than that, because they had to go camp out in their office in Chicago and go through their empire, which had been done. To look at mine personally didn't take any time like that, or with most of our directors.

Anyhow, Playboy had no indication either. I'm sure they knew whatever it was in their past. I mean, we didn't know what was in their past, nor were we looking at it, nor were we thinking about it. So now you come to the day of the license hearings, which are several weeks before you're going to open, and you've got everything in place, right? Then they get Hugh Hefner in there and start questioning him and talking about this bribery conviction Playboy had twenty years earlier to get a bar put someplace where he wanted it. And he bribed . . .

That was in New York state for a liquor license.

Yes, for a liquor license. So everybody's trying to fight that, but I'm only hearing reports from people who were there. I wasn't there, so I don't know, and I didn't know what Jay went through in that first license hearing. But anyway, at the end of that first license hearing, both Elsinore and Playboy were given conditional licenses—conditional licenses meaning that we weren't fully licensed, but they knew we'd be back in a year. We would resubmit the same applications, only updated for the year, and we'd be back before them in 1982, which is exactly what happened.

We had a year of operation as partners, and we operated the property, and then we went back in 1982 with updated license applications and the same group again and whoever was new that was on board. In 1982 is when the Casino Control Commission recommended to the Gaming Commission that they not license Playboy. Elsinore got a license without any big to-do. By 1982 I don't think there were any questions. I think those were all done on the first go-round. I don't remember any real questions in 1982. We were just given the license.

Did the board think that Playboy wasn't going to get licensed?

I'm sure they heard rumors about it, yes.

And from what I've read, Hefner was pretty flamboyant and arrogant.

I've heard the stories, yes—that he kind of flaunted his persona, whatever that was.

Whatever her name was. [laughter]

[laughter] But he was like that. That was him, and that's what made him the kind of character he was or the kind of success he was. That was just the way he acted.

By then, though, you'd also said you recognized—or Hyatt had—that the bunny culture wasn't going to work, that it wasn't going to be a successful application.

Well, I don't know whether by 1982 we recognized that. I don't know. I'm saying that we saw that as we went along in the operation. It probably took several more years, because I think we were still optimistic that we were going to be successful, even at the time that we [Elsinore] were handed the whole thing. We believed still that we could make it into something. I don't think we'd given up on it in any way, shape, or form by that time.

You said that you were strong-armed into the loan agreement, into the selling price, and that the state really said, "You have to do this. You have no time to do it."

Oh, that was in 1984.

That was in 1984? Because Playboy originally didn't . . . ?

Playboy, after they were denied the license, took it to the first court of appeal, whatever court that is, and then went to the next court of appeal and the next court of appeal and ended up finally, by 1984, being heard before the New Jersey Supreme Court. The state was upheld in their decision all the way up through the supreme court. Once they got the supreme court decision that they were not to be licensed, I think they thought about going through the federal system but chose not to, at that point. They just said they weren't going to try any more appeals, and so at the 1984 license hearing we were directed to negotiate with Playboy and buy their interests.

And was it directed by the commission?

Yes, by the commission.

An interesting thing about the governor of New Jersey at that time was that he took a very personal interest in the early years in the construction plans and everything in detail—what colors people were going to use in the decor and things.

He did.

The enabling legislation certainly didn't empower him to do that.

No, but in those first few casinos that opened, up to and I think including Playboy, there was this level of scrutiny of your plans down to things like that, absolutely. Dictating that you've got to change these things. And then there were so many—which I've mentioned—different agencies before you even got through to having the commission, which is the reigning agency, say it's OK and give you approval. You had from the Atlantic-City-this to the Atlantic-City-that to the New-Jersey-this, four or five different agencies before you ever got to come up with the approved plan to finally present to the commission.

When you started there in 1985, tell me a couple of things. Who were the players in terms of the properties that were there, what was their operating philosophy, what was the operating environment and the political environment? It was a very complex structurizing. It wasn't just a business environment, it was a political environment. The labor unions and the vendors . . .

Well, vendors had to be . . . I've forgotten now, but certainly any vendors of anything to do with casino supplies and then vendors of other products that we needed over a certain dollar amount had to submit an application to become a supplier to the hotel and had to be approved, although it wasn't a real investigation. So any vendor you used, whether he was a consultant, a supplier of services, a supplier of product, a food vendor, a supplier of casino supplies—cards, tables, anything to do with your casino—everybody needed to have it, and I've forgotten the name of it. It was some kind of vendor's license to sell to the casino, so you had to go through that.

Well, the Casino Control Commission had offices on your property. You had to make a place for them. They had to be on your property. They oversaw all of these regulations that you were to be observing, both in the operation as well as in the purchasing. They oversaw the entire thing, being sure that all of the employees' licenses were current, that all of the internal controls that you

had were being observed. They officed there. They had a staff there. And who paid for that? Who paid for that staff?

And they had a large staff—twenty-five, thirty, fifty people or something.

Yes, depending on the size of the casino.

At the time, like in 1985, they had more agents than the state of Nevada had.

Oh, yes. And then they had a big building in—God, I thought I'd never forget—Lawrenceville. Yes, I think it's Lawrenceville where their offices were. They had a big building full of people. The buildings were as tall as Washington D.C., but they were full of people. These were all people that worked for either the New Jersey Gaming Commission or the Casino Control Commission, which was like our division of Gaming Enforcement versus the Nevada Gaming Commission.

So you had the two levels, and the working body—the Gaming Commission. Those were full-time. They were full-time, fully paid people that didn't do other things like our commission does. In Nevada, they're either lawyers or whatever they are, but they have other jobs. Not in New Jersey. They were full-time commissioners, and there were five. The governor appointed them, and then the governor appointed the board for the New Jersey Control Commission, and they hired this bracket of people that they had. It was a huge staff.

That structure was supported by a tax, but the agents that you had to house on your property, you were assessed directly for the salaries of all of them.

Well, we were assessed for everything. The tax that New Jersey collected from us, the 8-percent gaming tax, went to the senior citizens. In New Jersey, here's what they did: All the way from the commissioners to the last person they have on their staff, down through the Control Commission down to the last person they had on their staff including the people that were in all of the hotels, that budget was \$60 million in

a year. They divided that by twelve—if there were twelve casinos or six casinos or whatever the number was—and said that was what your bill was for the next year. So you would make a monthly payment to them of one twelfth of whatever it took to operate that whole staff for last year. Whatever that bill was, you paid that. Each casino had to pay that through the New Jersey Gaming Commission.

And they each paid equally?

Yes.

So the Clairidge got assessed the same as Trump Castle.

It was split up equally, as I remember it, amongst each of the casinos. So as the casino number grew, the staff grew, but you always hoped that when you divided it out, it might be less, because there was one more property on board by then. But that's the way we paid for that regulatory staff.

And there's a lot of outside speculation that if there was any mob influence in Atlantic City, that it came in through small vendors—businesses that had been traditionally controlled by the mob in some of the Eastern cities—and labor unions. What was the kind of labor-union condition in Atlantic City? You'd fought them here very hard and had won.

The labor unions were as oppressive there as they were here. Same mentality, the same thing with the business agents, and the same role. I think that in New Jersey, however, they were stronger, in that I think they had far more support from the regulators than they do here. It was just a mind-set, a culture, if you will, that the union was necessary, and it had to be there to protect those guys. Although when I had my war with the union there, the commission did rule several times in my favor, because the union tried to go in and intervene in our reorganization hearings. Of course, that was federal. The bankruptcy judge told them to get out of the courtroom, that they had no place there, that this was not a dispute over unions or unionization or our relationship with the union.

It had to do with a whole different matter, and in that they really had no place.

They went before the New Jersey Gaming Commission on a number of occasions and tried to get the commission to intercede for them, and the commission said, "Hands off!" much like ours in Nevada had done. They would not take up the cause, although you always wondered who, on an individual basis, they were influencing in the way the commission or the Gaming Control Board or the New Jersey Control Commission was treating us. If some of it was instituted or caused by the unions' relationship with anybody in the regulatory staff, I didn't know it.

It would appear, just from the example of the governor and his interest in decor, that there was a great deal of individual, personal choice within the regulatory structure. Depending on a person's personality, they'd say, "Well, I'm going to give Atlantis a lot of trouble over this issue," and they could do it, do whatever they wanted.

Yes, I felt that. Now I don't know if everybody else in the world would agree with me, but I certainly felt that they could be influenced from outside. My first encounter with that, aside from the intense scrutiny they gave to me to become a key licensed person in New Jersey, was how they controlled your operation. Well, I'll start with physical. If you wanted to move a slot machine or maybe move a gaming table—wanted to move ten or fifteen, twenty—or change the configuration of your casino in any way, you had to first of all get your plan put together and get your idea down on paper. So you call in your architect, because you really have an architect that's on call for you. He comes in and does the finished plan, defining exactly what the spaces and the aisles are. This is for one machine or one hundred machines, one table or all in your casino. Now you begin the submittal process to get the commission to rule on it.

And in an official meeting of the commission, they ruled on every change?

Every change.

There is one more question I wanted to ask you about atmosphere, but before I do that, talk about the personal licensing process. At this point, now, you're getting a more intense license, and the spotlight is really on you, and you have to testify to the commission on your own personal licensing. Talk about that and what that's like and what they ask you and all that.

I guess the first thing was that they looked at me and they said, "You must become a resident of the state of New Jersey."

And I said, "I'm not a resident. I'm doing this at considerable inconvenience to me and my life."

Anyway, our attorneys pleaded with them, and because I guess it was most unusual . . . The only other person that had ever been granted a waiver like that was Ivana Trump, because she wanted to remain a resident of New York state, and she was to be licensed as a key not long before me. She got a waiver. So, of course, our attorneys knew that, so they pointed to that, and they said, "You can give this lady a waiver. She doesn't have to become a resident of New Jersey." But for the people I brought from Nevada, they had to become residents of New Jersey. They had to get New Jersey driver's licenses, establish New Jersey bank accounts, become voters, become everything in New Jersey. It was as much an inconvenience in their lives as it was in mine, and we couldn't get waivers for them. I mean, that was just going too far. They did it for me, and I think they probably regretted it, because when we came back to the well for more, they weren't going to do that.

That first license hearing took place in April, and we came to New Jersey in November of 1985, so our next license hearing was held in April of 1986. I guess I'm fast forwarding. I went to New Jersey in November of 1985, and they said, "Well, go there and take whoever you want and see what you think can be done with the property, any ideas you may have." The board asked me to do that. So I got together with Dick LeVasseur, whom I've mentioned to you, who was a marketing guy. Remember, he'd had his time of going off and operating his little gift store in Laguna Beach and had come back to Nevada. He was kind of loose in that he didn't have any real ties at that point.

He was another one of your special-projects people.

Yes, exactly.

You had a few of those.

I had a few of those. So Dick was absolutely what we needed. I wanted his input. And it was wonderful, because by that time I had Paul Hayes as my casino manager. I had hired him to replace Bruce Meyer, the "homegrown" guy. Paul had been a shift manager there in Atlantic City, so I came back with these two people.

Now Dick had interacted with several people in the marketing department in New Jersey and had been back there early on when he was director of marketing at the Four Queens. He had, on several occasions, talked about slot promotions and table-game players and found out if there was any way that any of the promotions could be passed between our two properties. So Dick was familiar with the marketing people and some of the programs they had, and Paul, of course, knew the casino and knew most of the people. I came with some people that I think brought some stability, which was badly needed at the time.

With the people that you brought, you said that you didn't come in as a hatchet person.

Of course, see, we're getting so far ahead. I should tell you exactly the conditions that led up to how we knew we were in this much trouble. So I'll back up. Playboy had exhausted all their appeals, and there was nowhere for them to go, so the commission said, "You've got to buy them out." We had a \$48 million or \$50 million buyout number that finally got negotiated. And we—"we" meaning Elsinore, Four Queens—did not have the resources to do that. So Bob Maxey was president of Elsinore at the time all of this went down, and he helped negotiate the new buyout with Playboy. I'm sure he spent a lot of sleepless nights wondering how in the hell he was going to meet this new purchase price, how he was going to get the cash to do it, and what was there to be done in the plan of issuing bonds—getting into junk bonds.

He went to Drexel Burnham, our investment banker through our two underwritings. The first one we did was when we did an equity offering right after Elsinore became a public company, and I've forgotten now how much money we raised. At the number two level, the equity offering was less, and then we went for a subordinated bond offering again with Drexel Burnham. That \$25 million was the money that was being used to build the new 400-room tower at the Four Queens and to completely refurbish the casino. This is when I did the white paint on the brick and on the wood and lightened the whole casino and built the new rooms and built a hotel lobby—not the one where you walked in off of Fremont Street and took my famous folly, that elevator, up to the lobby.

So we raised \$25 million in a subordinated bond offering, and I think we were paying 14 1/2 percent interest on those bonds, but, of course, we didn't have to start a sinking fund for 5 or 6 years. Those were negotiated terms, but in the case of our bonds at that point, we didn't have to start setting aside any money for their retirement until I'm sure it was 6 or 7 years after the bond offering was made.

Drexel Burnham was our underwriter. Bob Maxey went to Drexel Burnham and said, "I want to raise some money. Let's look at what we've got here, and let's figure out what makes sense and what you think you can do." So the plan was born to take out the bank debt at Playboy. The bank debt, by that time, at Playboy, was what? I want to say around \$70 million. The teamster loan on Hyatt Tahoe was whatever it was. I don't even remember what the balance was. It wasn't a big number. It was under \$20 million.

Fifteen or seventeen, one of those numbers sticks in my mind.

Yes, might have been by then. "We'll take out that debt, and we'll put in a \$25 million offer." The bond offering, as it was designed, had the collateral of Hyatt Lake Tahoe for \$25 million and Playboy—by then renamed Atlantis—for \$90 million. The \$25 million paid off the teamster loan at Hyatt Tahoe. The Atlantis was the security, the collateral, on the \$90 million that was lent. So \$115 million was the offering

at 15 1/2 percent. And this offering was done in the fall of 1984. The first interest payment on those loans was to be May 1 of 1985. Again, we had a time frame where we didn't have to start a sinking fund to retire the bonds for several years. We had a window of time.

And your interest payments were quarterly?

No, semiannual—May 1 to November 1. That's how, when projections were done for the Atlantis, they could support the \$90 million. We had been on a fast-track pay down of a bank note that we had for the original borrowing there, which was I guess close to \$90 million. We paid it down significantly. Maybe it wasn't quite \$90 million. I'm not sure exactly, but the number sticks in my mind. It was somewhere in the \$70 million to \$75 million range when this bond offering went out. We took the bank debt out, so it gave the Atlantis \$20 million or so of refurbishing money to do something on the property.

We'd already taken out the \$25 million to do the Four Queens, so we were past all of that. None of that money [the \$115 million] came to the Four Queens. We were outside of that bond offering. It was just at the Hyatt Lake Tahoe and the Atlantis. So anyway, Bob hatched the plan of making this bond offering. I'm trying to think of when it was. The deal with Playboy was negotiated in 1984, because it was after the 1984 hearings in April that the commission insisted that we buy Playboy out. So we had the initial payment to make to Playboy—the first of, say, five annual payments or four annual payments to buy their interests. Then we had interest on those payments, but we had that first payment to make, and I think it was in the fall of 1984 that we'd agreed to make that first payment to Playboy.

So the bond offering was done, and the first payment, as I recall, was \$7.5 million to Playboy. And the interest payments were . . . It was 15 1/2 percent on \$115 million, and then \$90 million was the responsibility of the Atlantis, and the \$25 million was the responsibility of Hyatt Lake Tahoe. We got the offering done and got the money put aside so we could meet our first payment to Playboy. That first payment to Playboy had to be done when we signed the deal,

so I'm sure that we signed the deal with them in the fall of 1984 after the bonds went out and we got the cash. Then we set aside funds to make the first interest payment on this bond offering, which was due May 1 of 1985. So we made that payment.

Nothing was going well at the Playboy, which was now named the Atlantis. We had an arrangement with Playboy that once this all happened that we were to take their name off the property within a certain period of time, although they weren't being too strict about the timing. They were giving us time. I don't mean to tell you that they were at all hard to deal with on that. But by that time, I think the thinking on our board was that Playboy was not a name that brought in the kind of customer that we really wanted, that they brought in a lot of people that were looking for the pretty girls and the Playboy look and then to buy Playboy memorabilia. There were from inexpensive to very expensive items. It was a household name in one sense, but it wasn't a household name, I guess—or at least that was the thinking at the time—amongst the people that we felt should be our customers at the Atlantis.

Is Bob the one that organized the celebration of taking down the bunny?

Yes. I'll have to show you an Elsinore card. It was like a little ladybug or beetle, and it ran up the side of the building and gobbled up Playboy, and then behind it came Atlantis. Yes, yes, he did that.

Anyway, so we got the money, and we made the down payment on the Playboy deal, and we made the first interest payment on the \$115 million bond offering. Of course, Four Queens was having no problem meeting its obligations under its subordinated bond debt of \$25 million. That all went very well, and we just went on with our lives, *I thought*. I'm just trying to wind down the battle with the union, so I'm pretty well occupied with getting that job done. Remember when I told you we decertified the culinary union and it was out of the Four Queens in July of 1985?

So you were focused here?

Yes.

You weren't paying attention to what's going on in Atlantic City at all?

No, no.

You had a job. This was your company.

And as I look back on it, I want to say this one thing about the union fight. It could not have been done if I had not had a guy like Bob Maxey or a board like the Hyatt or Elsinore board. The union made all kinds of runs at all of them to get us to back off of what they called our "hard position" against the union. They contacted Jay, they threatened the Hyatt hotels, they talked to everyone, trying to find where they could press a button and get somebody to listen to them, which they were famous for doing, as you well know. That's how a lot of these things were broken in the past, because they got to the guy on top and somehow said something to him, whether it be a Barron Hilton or a Kirk Kerkorian or whoever was the big man at Caesars, and all of a sudden, the whole industry gave in.

Had I not had a board like I had, I would never have won that battle. Well, of course, one of our more famous board members at the time was Frank Lorenzo. He was president of Continental Airlines, then he became president of Eastern Airlines and took on their unions in a big way. So he was one of the champions of the cause. He was very supportive, as were all the Elsinore board members. Jay told the union that he had no control, that management was handling this matter in Las Vegas, that he was going to do nothing to intervene, and that they'd have to take their best shot. I don't know whether he said it in that way, but he told them that he wasn't going to do anything about it.

They really knocked on all the doors that they could by the time we got to the election in the summer of 1985. They tried every way and hadn't been able to get anybody to listen to them or intercede for them, which was great. I wanted to get that on the record, because it might not happen again, and it probably won't ever happen again. I don't see it ever happening again, that a decertification election can ever be held again, because the union's a lot smarter and wiser in

how they approach this kind of a battle. They wouldn't do a lot of things that they And now in looking back at it, they gave up on some areas that . . . I don't know. I just don't think the climate will ever be there again that that kind of a thing can happen. So where I managed to skate in there at a particular time in the life of the unions and the life of organizations here in Las Vegas to make it happen, it probably can never be done again, because I think the union will always remain as a picket and a thorn in the side of the Frontier Hotel. Probably the only way that will ever get resolved is it will be bought by somebody who will not carry on with that but will allow them to come in and organize.

It's interesting, because Margaret Elardi [of the Frontier] said at one point that she had a \$50 million war chest and she preferred to fight. She must have pretty close to have spent that.

Oh, I don't think their business is being hurt at all.

You don't think so? Because this is a five-year fight, and this is a long war, and the union hasn't let up.

Do you remember, I told you about the initial impact of this? After three months, it only got better after that.

Yes. Another question occurs to me about this, before we jump to Atlantic City and you leave. This was probably a prime time for you if you had stayed, what with the spirit of the place and all of this. If you hadn't lost your focus and the company hadn't lost their focus and Atlantic City hadn't existed, you could have made the Four Queens very, very successful. And at the worst possible time, you walked out.

But Ken, the years that I was gone—1986, 1987, 1988—were, bottom line, the best years that ever, ever came to the Four Queens.

But that was built on a platform of what you'd done. It's the five years after that that were caused by the years that you were gone.

Yes. But there wasn't any forward planning—no vision about where you were going or what was going to happen next.

Somebody was just running the machinery, and the machinery is set up to run well.

Yes. I had a great crew put in place, and everybody was on the same wavelength. They were all working together; they were a great team. They'd been a team for a year and a half in the toughest battleground of all, fighting that union outside there. They had that mentality and that ability to work together that gets lost as time goes on unless you have somebody who's encouraging and thinking of new projects and new things to get behind or a common enemy out there that you're fighting, where you have a battle going on. I really believe that. I think that's what brings people together and makes them work as a team, is if you can be creative enough to give them a project to go after or you have somebody outside your door that's really trying to get to their jobs.

So some way or another, they called you from there and said, "We want you to go to Atlantic City. They can't make a payment."

So that's what I'm leading up to. We'd made these payments, we had the new debt, and I think it was in July, we were going to have our board meeting in Chicago. So Bob Maxey and I got on an airplane to fly to Chicago together to go to the board meeting. After we got off the ground, Bob looked at me and said, "Today I am resigning as CEO and chairman of Elsinore."

I said, "What!?"

He said, "Today I am going to tell the board that I'm resigning," he said. "I just wanted to tell you before you walk into that meeting that that is my intention."

I said, "Why!?" You know, I'm just

And he said, "Because we're not going to make it. We can't make it. We can't make our bond payment. We're not going to have the money to pay the next payment due on the Playboy, you know," and he said, "I don't know how to fix it."

Now, I'm absolutely just totally shocked, because I hadn't really focused on Atlantic City.

I knew the numbers were bad. I don't know what I thought, but somehow or other, I guess that was his problem, and that was going to be managed some way or another. I had enough on my own plate. It was right after the union thing had been settled that we had gotten on the plane to go to Chicago for the board meeting. Well! This put a whole new dimension in our lives, really. And I'm like, "What the hell's going to happen?"

"Well," Bob says, "We'll just wait and see what the board says when we get there."

So we get to Chicago and go into the board meeting. Bob announces that he's resigning, and Jay goes absolutely white with fury. He said, "We've got all this new debt, we've got this new Playboy, and you can't leave us! Bob, this is not right! You can't do this to us."

And Julian Levi was the law professor from the University of Chicago, belonged to the Sixty-five Club at Hastings Law School, and was a professor at the law school there. Wonderful guy and probably one of Jay Pritzker's best friends and very talented. If I could, when I'm eighty-whatever years old, be able to speak and articulate things the way he could . . . I can't do it now, but this guy is really incredible. Well, he commanded all kinds of respect, and he just looked over his glasses, and he says, "What are you *doing*? We can't have this in our organization. This is not going to happen." And Bob just kept insisting that he was not the best person for the job.

Well, Bob and I came back to Las Vegas together that night, and he had a requirement in his contract that he'd stay for ninety days. As I recall, walking out of that meeting, I don't think he was going to reconsider anything, although I heard different versions of that after I got back—that they were going to talk him out of it, that he would stay on. I think that Bob came away thinking he was going to remain with the company for ninety days. We had kind of two different versions concerning the end result of that meeting.

It sounds like he could have been very devastated by the course of the company and really just thought the only solution is to get out of here and, "I can't do this." It would have been a

critical point in his career, not a very pleasant time for him at all.

Oh, I don't think it was a pleasant time at all for him, but I think that he also thought that maybe bringing in somebody new, particularly to run Atlantic City, might be a better answer. He wasn't willing to move to Atlantic City and take on that challenge, so I think that he thought . . .

Oh, that's right. That was one of his conditions in the beginning was that he would stay in Las Vegas.

Yes, that he was not going to go to Atlantic City, and that was the problem. So how do you solve the problem? Really, if there was any salvaging of Atlantic City, you needed somebody who was going to be there on the job taking care of it, doing something with it, or give up, I guess. And he wasn't going to go to Atlantic City, but I think he thought that if Jay could go out and hire someone that he had confidence in and that he would support, then maybe that was what we needed. It's all a maybe, because there was nothing for sure about it, but it might be a better solution than him staying there and watching its demise from Las Vegas. I think that's really what he may have been thinking.

We never had a talk about what the real solutions were or what he thought should really be done. I know that he hoped that the money we raised for the bond offering to be spent at Atlantic City would make a difference. Several things were done, several changes were made to the casino—cosmetic improvements and some new restaurants. I know the oriental restaurant was built. The money went for stuff like that. In hindsight, if the money had been used to acquire some land going out to Pacific Avenue, which I've discussed with you before, that might have been a wiser use of funds. It depends who's calling the shots and whose vision it is.

But it wasn't a cosmetic problem, and a band-aid couldn't fix it. It was a structural problem.

Right, exactly.

The deal was structured badly in the beginning, and you couldn't get out of the deal, but the property was structured badly—the parking, the access, the visibility, all the other things, plus the structure of the building itself. Over a period of years, you've managed to change those same problems in downtown Las Vegas, but those are the same ones, and they didn't borrow enough money to address those issues.

Then there were no funds.

So they just added to their debt without adding to their ability to service that debt.

That's right. Very good! [laughter] Well said. I'm glad you're here.

Hindsight is easy, isn't it?

Yes, isn't it wonderful? The summer wore on. As I said, this was sometime in mid to late July when Bob first announced this at the board meeting, and I knew that Jay was making some efforts. He was talking to people in the New Jersey community to try and get someone interested in taking over, if not as the chair of Elsinore, at least as the person to be on the scene in Atlantic City. Everybody felt that the management of the Atlantis needed to be changed but weren't sure exactly what to do about it and who could have the vision or the marketing know-how and could bring something to the table that could save the Atlantis.

I believe it was September 30, and I again went to a board meeting in Chicago. Jay announced at the board meeting that he was resigning from the board. Drexel Burnham was there, and bankruptcy consultants were there, and I don't think Bob went to the meeting. I think he stayed home. I'm not sure. I don't think he went to the meeting. At any rate, the reasons given were that Jay had had a little brush with a heart attack several years earlier, and that this was too much stress for him to be on this board now, and that it was in his best interest, health-wise, if he no longer served on the board.

Drexel was there, Tommy Pritzker (Jay's oldest son who was active in the company) was also there, and Jay was not. As I remember it, I don't think Jay was there. And we had the Drexel

Burnham people there who were discussing some kind of a restructure of the company, which would make them a lot of money, I remember. Their fees were enormous but might give us some extra cash somehow. I don't really remember the plan, because I was just so overcome by all that was happening.

Now Jay's resigning, too?

[laughter] Yes.

[laughter] You said, "Who's left?"

Who's going to be . . . ?

Bankruptcy guys are here, everybody's resigning.

Yes. Boy, I'm glad I can laugh about it now, because I think at the time I was absolutely panic-stricken about what was going to happen. You couldn't unfold the drapes far enough to see what was going to happen next. At any rate, Jay's resignation obviously triggered a press release. That was big news. I mean, it had to be, and also the fact that we were talking to Drexel about restructuring. So on October 1 of 1985, an announcement was made to the world that Jay Pritzker had resigned as a board member—he wasn't an officer, but he just resigned as a board member—and that we were in discussions with Drexel Burnham about restructuring or possibly merging with another company and things like that. All those nice-sounding things that you read when somebody's in trouble—big trouble.

Well, that first week in October was absolutely unbelievable. We had a line of credit at First Fidelity Bank in New Jersey, and I believe it was a \$6 million line, and coming out of summertime, we'd only used part of the line. We probably had \$2 million or \$3 million out on the line of the \$6 million. That was the bank we banked with. So in that first week after the company made the announcement that Jay was resigning, the bank closed down our credit line and froze our accounts. They really were proved wrong. They didn't have the right to freeze our accounts. We had payroll checks on the street.

Who was managing the property?

A guy named Ron Azzolino. Remember I told you he was out at Caesars, he was a friend of Terry Lanni's, and then Bob had the thought that he might make a good first man for us, and so they brought him over? Well, they didn't know who in the hell to call. So they called the Four Queens, because we had, from time to time, sent money, but the money had always been returned. We covered them on several other occasions. The call came one evening in that first week in October. And I thought, "Oh, holy Christ! What are we going to do now?" So I called Tommy Pritzker, and I said, "Tommy, the bank shut us down, and what are you going to do?" So Tommy called Hank Handelsman, who was the general counsel for Hyatt, and they made a lot of phone calls, and I said, "Should I call your dad?"

"No," he said, "I don't want him to be troubled with this. I really think that we've got to leave him out of this, and we've got to try to deal with this." So he told me finally, after he talked to Hank, that I should send \$1.2 million or whatever they said they needed to cover the checks. So I sent \$1.2 million of Four Queens money to the Atlantis as a loan. We'd done this before. Believe me, these bank records became pieces of evidence in the courtroom of the New Jersey Gaming Commission. Well, I will say that was like a courtroom. And so Tommy called me back, after all of this, and he said, "Well, it's obvious that we have to have a board meeting immediately and see where we're going."

I said, "Yes, I think it would be a good idea, because we've got a pretty serious situation right now." So anyway, Tommy and I arranged to have all these guys come to Las Vegas.

Tommy said, "Well, I think we need some bankruptcy consultants, as well." It was probably the first part of the second week in October that we had our board meeting scheduled. So after the emergency at the Atlantis, we hired two people. One was an attorney who specialized in bankruptcy counsel, and the other was a financial firm in New York that consulted with financially troubled companies. Sometimes they kept them out of Chapter Eleven or could give them vision about how they could stay out of Chapter Eleven. They were very well known as consultants to companies after they had filed for Chapter Eleven and then had to live the life of being a company with a Chapter Eleven

petition before the court. So anyway, we had those representatives at the board meeting and also a representative of this firm in New York, who were actually financial consultants.

Were you waiting to see who was going to resign?

[laughter] No, they came just really saying, "What are we going to do?" And for the bankruptcy counsel and consultant, who deals with financially troubled companies, "Here's our story." We told them where we were and said, "What do we do now? What?"

So anyway, at that board meeting, which I believe was October 9 or 10, they looked around the room, and the bankruptcy counsel and the financial accounting firm said, "Well, who's running the Four Queens? Who's your gaming person around this?"

So all the eyes went to me. And they said, "Well . . . "

I can remember Steve Cooper saying, "Well, hey guys, the only thing you can do is make her president and chairman and give her the company, because you haven't got anybody else."

Steve Cooper was . . . ?

He was with the financial accounting firm that dealt with troubled companies. The other gentleman, Jeff, was a huge man and an attorney—a Harvard graduate and very well known as a bankruptcy counsel. He agreed with Steve. He said, "This is all you can do right now." So he said to me, "What are you making now?" I told him, and he said, "Well, double that and give her another \$50,000, and that's her salary. You people do not have any choices here. You've got to do something like this. You've got to find somebody who's going to be the chairman of this company, and you've got to pay them, and you've got to try to sort out how you're going to handle Atlantic City."

What's that feel like to you? Because what they've said is, "We don't know!"

Exactly.

"She has to know."

And you say, "Why should I know?"

I have to know, and I said, "Oh my God, what do I know? What do I know?"

All the bankruptcy guys don't know, and all the big guys, they look down the street at the Four Queens, a little place in downtown Las Vegas and say, "She's your solution." How did that feel?

I was just absolutely overwhelmed.

Because the salary doesn't make you any smarter.

Oh, no!

I mean, it may say, "Well, we pay more, you get more." But to you, though, whatever you knew, you knew, no matter what the paycheck.

[laughter] And I didn't, certainly.

And you didn't know that.

I've said so many times that I hardly knew a dictionary definition of bankruptcy before I went to Atlantic City. I mean, I didn't really know what bankruptcy meant. It was kind of a term that was used that meant that the company couldn't pay its bills anymore, so it was some kind of way that they gave you a chance to sort out how you might be able to pay your bills. But that's about all I knew about it. I've said that so often. Now I feel as though I've got a doctorate. [laughter]

You would know bankruptcy now. [laughter]

Yes, but I went to school fast. So they said, "Well, take who you want, go over there, and see what you can come back to the board and recommend."

So I gathered up my little group, and that uncertain day in October—I think it was October 13 or 14—Dick LeVasseur, Paul Hayes, and I got on that airplane together and went to Atlantic City saying, "What are we going to find, and what are we going to do?"

But we arrived there, and it was mid-October, and when I got there, I was not greeted warmly by Ron Azzolino. He didn't know what I was

there for or what I was going to do. The casino people were fearful of me but thought, "What does she really know about New Jersey, and what can she really do to us?"

As I told you, I had Paul Hayes there, and at least Paul was able to carry a message to the casino that I was there to try and help, that I was a good person, and that I wasn't a nut, which I think he did very effectively for me. I think he calmed these guys down. Sometimes people get so disoriented by new people coming around, especially in a serious situation like this, that they aren't even able to function in their jobs. I'm really kind of proud that he settled them down so that they were able to run the casino and not be so busy worrying and thinking about what in the hell was going to happen to them or what was going to happen to the company.

I had made a right decision there. A lot of it was just luck and timing, because I could have had a Nevada guy, and we'd have been hated instantly the minute he walked on the floor, and here I had one of their own. So it really was a wonderful asset for me at the moment to have somebody like that. And, of course, Paul proved very helpful throughout the whole reorganization process. Dick, of course, knew some of the people.

When we got there, the first thing we did was hit the offices there. I just set up a place in the conference room there, and Azzolino had his office, and everybody else had theirs, and it was the sixth floor. That was kind of the ivory tower. Our offices were on the sixth floor, and I got so familiar with, "Well, it's what sixth floor says to do." That's how you were referred to, as "the sixth floor." [laughter] The sixth floor issued all the orders. It was as though it didn't have a name. It didn't have a face. It was the sixth floor.

At night, the concrete talked to the building and told you what to do. [laughter]

[laughter] Exactly. It was so funny. Anyway, I got to know that conference room very well, because I had many, many, many meetings there. It became our office for the moment, and we began, first of all, to get into the accounting. We got the CFO of the Atlantis up there and tried to get a handle on where we were dollarwise. What money did we have, what

sources of money did we have, how were we going to handle it, and what were we going to do?

The Atlantis had embarked on a huge, big-name entertainment program in that last year, and so they had huge contracts with people like Steve [Lawrence] and Eydie [Gorme], Wayne Newton, Tina Turner, on and on. The same people on the Las Vegas circuit were playing in Atlantic City. So they had all these people lined up, and the first thing we had to find out was what our next obligations were going to be.

One of the first things I did, I guess, was look at Tina Turner, who was coming for one night only New Year's Eve when we didn't need a Tina Turner or anyone else, because you can't move in Atlantic City anyhow. We were paying her \$250,000 for the one-night performance, and I think that Ron Azzolino had scheduled it to be in the convention center, which was right next door, which really didn't bring people into our casino or get them to stay.

I think that there had been overtures made to the other casinos to see how many, let's say, one hundred-dollar seats they wanted, and we were getting very poor response to that, number one. Number two, somebody told me at that point, and then I learned it later, what a nightmare just getting people in there and out of there was, especially on New Year's Eve or any busy time when the convention hall is occupied. There just isn't any parking, and the access is terrible.

So we mulled all this over. There was no signed contract with Tina Turner. We're at mid-October, so I told the entertainment director to call and tell them that we were canceling her engagement. That was the first thing that I could do. I said, "We just cannot spend that kind of money when I can't see how we're going to recoup anything from it. There's not even hardly interest in people paying a premium price to go to it or for their customers to go to it."

The reason I'm telling you this story is that I didn't talk to Ron Azzolino about it. I just told the entertainment person to call up and cancel the engagement, and we'd fight over what, if any, damages were due. But I just knew that it would be less than having the event.

So Ron came into the conference room, and he said, "I disagree. I told you why I think it's

going to be a good event, and I think I've showed you numbers."

I said, "Ron, they don't make sense. We've done some of our own work on it to see how many people you could possibly think of getting into your casino from whatever direction they were going to come from." There just was no way that we could justify spending \$250,000 to have somebody come for a one-night stand. There was no way, particularly in our cash position.

Did he have any financial background?

Yes, he was a banker!

Did he miss the joke?

Yes. I don't know what he was thinking.

We talked about his not having been in the meeting when the board said, "This is a crisis. Who do you have that knows how to do it? The bankers shut us down in Atlantic City, and somebody has to go in and re-think all of that." He's just thinking things are going on as normal.

Well, of course, that was what I found everywhere, that the people there believed that life was going to go on just like it always had. I kept saying to them, "Guys, this is a different world today. Four Queens isn't going to continue sending money to Atlantic City. There is nowhere that we can get money. We're going into wintertime! It's the worst time for us. We all have to understand this now, and we're going to have to tighten our belt. We're going to have to find ways that we can cut expenses and try to make this work." It was like talking to yourself. It was absolutely like talking to a wall when I finished with Ron.

Well, not talking to yourself. You listened. They didn't. [laughter] When you talked to yourself, you made a difference.

[laughter] I listened to myself, yes, to what I was saying. Anyway, after an hour or two of listening and trying to convince Ron that *not* continuing with the Tina Turner event was the best thing that we could do, he finally got up,

and he said, "I am so opposed to this cancellation, I really feel that I must resign."

So I kind of looked at him, and I said, "Ron, if that's the way you feel, I guess that's what it's going to have to be, because I have been given a mission here, and I've got to start trying to work on that mission. It isn't to spend \$250,000 for a one-night stand for this gal. It just isn't. It doesn't make sense. It just is not going to work. So if you feel that strongly—I feel badly that you do—but if you feel that strongly, then I guess you're going to have to do whatever" So I said, "Do you want to think about it?"

And he said, "No, I'm resigning."

I said, "Well, would you give me a letter? Just formalize this thing, that you're actually resigning." So he gave me a letter, and he was out the door. He took his things, I think, probably that day, and he left.

How long had you been there?

Two days.

So this sounds to me like an orchestrated thing. He was just looking for you to give him an excuse.

Yes, and this was it.

Did he have another job?

No, he didn't have another job. He didn't go to work right after he left us. In fact, I don't know, but I think he was idle for quite a while. I think he was unemployed for some months after he left us.

That at least gave you an office now, right?

Yes! Well, I had a place to go hang my hat. [laughter] Anyway, as you can well imagine, we took everything and tried to find out what all the programs were.

So you have to go through an analytical process where you look at all the expenses and all the programs that they have, and you try to find ways to reduce the outlay, but by the same token, you must have to think about revenue and where you're going to find revenue from.

That was really daunting. How can we really begin to go through all aspects of the operation to find out what's working and what isn't, to get down there when your buses come in with all the people? I did this at the Four Queens. I spent a lot of time on the floor trying to get a sense of whether the programs were working. You can look at the numbers, but you've got to get a feel for the people, how the employees are responding, so I had to begin looking at the whole thing. But remember, I was sent there to just look the situation over and see what I could do, not assume the presidency of the Atlantis.

Did you have a title going in?

No. By that time, however, I was president of Elsinore, the public company. At the same time, Jay—or some of the people who worked with Hyatt—had entered into some discussions. I remember Pat Foley, who was president of Hyatt at the time, had begun discussions with a couple of guys who were well-known operators, who had held some very high-up, responsible positions with the Golden Nugget or Caesars. I think the Hyatt people called me and let me know that they were having discussions with these people about their actually coming and trying to salvage the Atlantis. They were people who knew the market there and who were very well versed in what was going on in Atlantic City and had a lot of experience in that town. They might be the answer to saving the Atlantis by becoming the operators of the property. So we, of course, gathered a board meeting in the second week we were there. Steve Cooper, who was the financial analyst, and the bankruptcy attorney all attended these meetings. We scheduled it, and we went the second or third week after I got there.

You'd had three weeks to analyze the property, to make some decisions, to stop the bleeding?

Yes. What was some real fast expense cutting that I could do to try and conserve our cash and keep us alive? But that's saying nothing about the fact that on November 1, we had the interest payment to make on the bonds. And Playboy was calling every day saying that their payment was due in February, I believe, and, "Oh, how

are you going to make your payment to us with all that's happening? What are you doing?" And they were threatening and all kinds of things.

So we called the board meeting, and I think these two or three guys that had formed what's called the Atlantic City Management Team brought a proposal to the board about how they would expect to begin, if they were to take on the assignment to take over the Atlantis. Their first suggestion was that Elsinore would escrow the money for their salaries to be sure that there would be money there to pay them. They weren't saying, "Pay it to me now," but that that would be set aside for them.

Their next suggestion was that we would somehow get out of Elsinore's assets the cash that we had. I had a big note from Hyatt, and I could discount that note or something and get money to put into the Atlantis so that they could go forward with their marketing plans. They did a very nice plan of how they would run this thing and how they were going to make it successful. I think not a very detailed plan, but they were going to increase business by x percentage, and they were going to cost us this much, but we'd still be They were talking about this in concept only.

It was more kind of a vague, "We'll bring in some high rollers."

"We're going to do these things."

"We'll have some special events."

So they presented the plan at our board meeting, or to two or three members on the board. I can't remember now. Those days were pretty grim, and I do not recall that anyone said anything. Steve and the bankruptcy counsel heard all of this. So I'm going back to my room at night thinking, "Oh my *gosh*, what are we going to do?" After hearing what these guys proposed, it was like taking all of the jewels that we ever had or ever were going to have and saying that we're going to put it at risk with these people when we didn't know what they could do or how they could perform. And is that a wise thing? I mean, should we really be doing that?

So I talked to Dick, and I talked to Paul, and I said, "I'm just not ready to give this kind of money or authority to guys like this. I don't know whether it's going to work or not work, and we're betting the farm on this." So I asked Dick if he would stay in Atlantic City with me, and then I asked Paul if he could spend some time in Atlantic City. I then made a proposal to the board that we work together to solve the problems and not give it to strangers, to people we didn't know. We wouldn't have to escrow a huge sum of money and agree to put virtually all of the assets we had at risk.

I know I talked to Steve Cooper about my plan. I said, "Can we tell them that we'll try to straighten this out? Isn't this better, to bet on us, than to bet on people we don't know?" So we took the plan to the board and suggested that this is what we'd do, and that I'd agree to stay there, and that Dick would stay there, and that we would develop plans as quickly as we could to hopefully keep us out of bankruptcy.

It seemed to me the revenues at that place were close to \$200 million a year, and coming from the Four Queens, I could no more understand how, with all that revenue, you couldn't get a hell of a lot more of it to stick to you. I just couldn't believe that there wasn't hope where there was \$200 million of revenue.

You hadn't learned to spell "debt" correctly yet, had you? [laughter]

[laughter] So that was one of the things. I mean, when I saw that amount of cash, if I couldn't do something with those revenues Our goal, in concept, was to protect the revenues as best we could and begin to look at what we could do about expenses, because it seemed to me that there was enough to go around if we could make it work. The board accepted my plan and told the other fellows that they thought that it was too rich and that they really didn't think that that was the most advisable thing for Elsinore to do at the moment. They told them to go away, and that was how I ended up in Atlantic City for five years.

And this is a no-risk plan.

Yes.

They were risking nothing no matter what happened. At the end of whatever period, they would have gotten their . . .

They were going to get their money, yes. So to me, it just didn't make any sense for us at that time in our life to risk every asset we had, almost everything that we had.

You could have gotten out. And yes, you've got some personal . . . but you've got the Four Queens, and it's separated from the debt at the Atlantis. You could go back and operate and say, "Guys, that's your problem to fix. Good luck! If these guys don't do it, try somebody else."

I could have.

And you'd had two or three weeks to look at this and see how bad some of the problems were.

Yes, I could have gone back to Las Vegas. I really wanted to try to help.

What would have made you say, "I'm going to come out and fight this."? Because at this point, you've just gotten through the labor union thing here, and you must have known that this was going to be the biggest fight you've ever been in in your life, that this is a challenge ten times what you'd taken on in 1977.

That's right. I guess maybe I just had enough drive in me that I wanted to. By now, I'm president of Elsinore, and how we spend our money suddenly, now, becomes my responsibility. Elsinore is the owner of that property.

You were president of Elsinore.

Yes. Remember the week before, they had made me the president? So this is my property now, and this really became my problem, no matter what. I could go back to the Four Queens. I could say, "Well, as president of Elsinore, let's take these guys on." I could have, but I didn't think it was going to work. And then what was going to happen to Elsinore if it didn't work, or first of all, to the Atlantis if it didn't work? It was our problem. The debt was ours. Elsinore had signed that debt.

But Bob Maxey, by the same token, when he's president, he doesn't say, "I'm going to go down there and run the Atlantis."

No.

He says, "I'm going to live in Las Vegas. I'll go once in a while, and I'll talk to somebody on the phone." But he doesn't say, "I'm going to personally take responsibility and go into the trenches and fight this thing, put my career on the line."

No.

And that's a big risk. You're saying, "I'm going to live or die on this."

But I was given a responsibility, and where could I go? I couldn't just leave my responsibility. I could just come back to Las Vegas, but the problem was going to follow me home anyway, wasn't it? I mean, the debt was there. There was no way to look at those numbers and say that debt was going to go away simply because I went back to the Four Queens, and the Four Queens was making a lot of money then. I wasn't needed there. I was needed if I could do something about this. I gathered from the search that had been done that there wasn't anybody that wanted to come to work for the Atlantis except these guys that wanted all this money. There wasn't anybody available that was willing to take this on.

When it's all over at the end of that day, you must have gone somewhere and looked in the mirror, and said, "Whew, what have I done?"

Oh, I probably did. I had a lump in my throat and couldn't sleep at night worrying about what I'd done, except I knew I had to push on. I just absolutely knew that I could cut expenses, and that there was something. With \$200 million of revenues, why couldn't we make some money here? Why couldn't we make this work? There had to be a way. I can't tell you that I had a plan or any grand idea, just that it seemed to me that where you were turning that much money around, you could make some of it stick—a lot more of it than was sticking.

Would you make the same decision again?

I don't know. I don't know. Yes, I probably would. I don't know that, at my age, that would have been the best thing to do, but I didn't worry about my age then, and I guess I wouldn't worry about it now, you know? I was ten to twelve years younger. I don't know. I probably would take it on.

Still, it's the right logic. The revenue is there that needed to be.

There had to be something that could be done.

That was the next step, one way or another.

Right.

That's the next step that Elsinore had to take. You were the person that was responsible; you had to take it.

I had to figure out a way to handle this and not bet the last bucks that Elsinore had in its pocket.

On the wrong guys.

Exactly. I would rather bet it on myself or try to hang on to that money and see what I could do with this. To me, that was the wisest choice to make, in my mind. And when I talked to both the bankruptcy counsel and Steve Cooper, the financial analyst, about it, they both agreed with me that it was a far better choice than to give the reins over and the money over to someone else.

OK, now you've done it. What's next?

[laughter] Now I've done it.

You've got an office, and now all you need to know is where exactly to put the seats.

Yes. Ron Azzolino has gone away. I've got an office there. And Steve Cooper, who had become probably one of my greatest mentors and a very, very good friend, actually virtually took people and moved them down to the

Atlantis from his office to help us begin to examine each program that we had, to see what it was producing for us.

That's a huge advantage. See, now you get some sophisticated analytical skills for every program.

And Dick LeVasseur, bless his heart, was a great analyst himself and was a good marketing guy who knew the games inside out. He'd been a crap dealer—that's how he started—and he knew the casino floor. He knew the odds on all the tables, he knew what we could expect from the dollars we were spending, so he was a great person to set this all in motion and to inform Steve's staff. Although they had analyzed a lot of different things, I don't think they had ever analyzed casinos, but you could tell them how to go about it, the numbers to take, and what to look for. So we began our task of doing that.

And then looking at other departments around the property, I thought, "Oh my gosh!" Operational things such as food and beverage, and what in the hell is going on with all of that? So before too long—and I can't tell you whether it was a month or six weeks—I asked Ed Fasulo, my food and beverage director at the Four Queens who had just come through the war with the union with flying colors, to come out to the Atlantis to help.

He was your food and beverage director, your entertainment, and kind of your atmospheric consultant.

Yes, exactly. So I asked him to come out and walk the restaurants, analyze the restaurants, tell me how he saw them and were they productive? With all the food and beverage business we were doing, it was a huge number in food and beverage and entertainment. I called Ed into action and got him to come. He had a little different life than Dick, at that particular moment in time, who was not married. Dick had a gal that he was going with, but he wasn't married to her, so he really at that time did not have a family. Ed had a five or six year-old child, a nice home that he'd just bought in Las Vegas, a wife who didn't work and was very important to him. So now, all of a sudden, I'm asking him to come to Atlantic City. But at this point it was just to come and look at it. I didn't jump on

him for anything else at that moment, because the next crisis was about to occur.

Beginning the first or second week in November, we announced that we would be unable to make our interest payment on the bonds. We made an announcement that we had retained bankruptcy counsel and financial advisors to help guide us in our decisions for the future but that we would be unable to make the interest payment. Playboy got on the phone, first to Hyatt and then to the Atlantis. They had an attorney, and oh, my gosh, he was a tiger. He said, "We're going to sue you."

Was it Satz or something like that?

No, David Satz was our attorney. He was our New Jersey counsel, and he's the guy that interacted with the New Jersey Gaming Commission, the casino control people.

Anyway, Playboy really began to work themselves up into a real lather about, "Well, you're not going to be able to make the payment in February, and what are you going to do about it? You've got to tell us right now what you're going to do about it."

So we kept saying, "Look, that's not until February. Let us get through the crisis we're in now, and then we'll" Well, they didn't want to hear that. They filed a bankruptcy action against us on, I think, November 13. And the reason they did that was because if they filed by the thirteenth of November, it was within a certain period of time that some payments could be considered insider payments, and then we'd be liable for them. I don't know. I've got to think about that.

You couldn't pay anybody else first because of what was owed to them. So even though you aren't in Chapter Eleven, and your payments aren't structured yet, it puts you in a preliminary

A preliminary spot.

It protects them from having you spend your money on anything but them.

For ninety days. So they filed an involuntary bankruptcy action against us. They got one of our unsecured creditors to sign it. So the

following day, we went into the federal bankruptcy court in Camden and filed our own voluntary action. We put ourselves under the protection of the court and petitioned for a debtor in possession management status, and we were granted that. Theirs was found to be a faulty filing anyway. I've forgotten why, exactly, but they only had one creditor sign, and they needed three to make it a valid involuntary action. So on November 14 of 1985, we went into the courtroom and made a voluntary bankruptcy filing. That began a whole new life for us.

We asked if we could be debtors in possession.¹ And then, if I recall correctly, even that part of it is taken under advisement, and I guess that whether it's a sampling of creditors or something, the judge then rules that you can remain as debtor in possession. I can't remember if we even made a token appearance for that or if we were just granted that right. So then they appointed someone to act like a trustee. I'm not sure that that is the appropriate title for the person, but they become your trustee. And we were given certain requirements where we had to make a monthly report to the trustee.

And that person represents the creditors of the group?

Yes, and that person is appointed by the courts to do this, and that is their surveillance of how you are operating. I think that's the best way, to have the court and the creditors, if you will, monitor what you're doing as an operator and whether you deserve the right or should continue to have the right to remain as debtor in possession.

The court protects you from your creditors, but then your creditors organize and appoint someone to be their spokesperson and this trustee.

They organize it. Your creditors' committee.

And you're required to submit a plan as to how you're going to pay your creditors. Part of that plan says how you're going to pay those bills, but it also has to have some operational money for you to do things. Who made your plan?

It didn't happen overnight, first of all. I can remember the long, long nights, because you had a certain date by which you had to submit to the court what you believed your total outstanding liabilities were and identify creditors that were part of that. It was a nightmare. I can remember working several nights before that day that we were suppose to have this in to the court, just trying to be sure that we were correct.

We had a consultant whose expertise was bankruptcy, but he was a California attorney, so we then had to engage the New Jersey bankruptcy group, which we did. I can't now remember the rationale for this, but we engaged a firm in New York, as well, which was our bankruptcy counsel. They were known in the bankruptcy world as being experts in that field.

The New Jersey attorney's name was Michael Griffinger, and he had a young woman who was also an attorney. If he took a holiday or something, we always had her to go to or vice versa. They kind of do that in pairs, so you have somebody to go to work with just in case they're not around. So Michael Griffinger and the young woman who was his associate and Steve Cooper and his group were with us morning, noon, and night. They lived with us. I mean, Griffinger, didn't live with us, but believe me, he was on the phone many, many times a day. This was like finding a new way to live, these guys. And, of course, Steve and his people came in and helped us analyze things and really come up with some plans of how we were going to go forward. They made suggestions of how we could reorganize to develop a plan that would be acceptable. This was his challenge and what he was good at, and he commanded big dollars for doing it.

But believe me, without these people It's such a nervous time anyway. When you don't know what the next day is going to bring, it was wonderful to have people that could say, "Well, this is what's going to happen, and this is what I think we should do." When we would get threats of all kinds from all of the people that were angry with us, from food suppliers to liquor suppliers to others who were selling us services, Steve's staff could tell us how to respond to them. They threaten all sorts of things that they can't make good on, but you don't know that if you've not been in that situation before.

Because under the protection of the court, all debt prior to the filing falls under the reorganization plan, where they [the creditors] are paid according to that schedule. And your ongoing bills, those things you need to contract for, you have to pay them month to month with cash.

That's right.

And you have to keep them current in some sense. Part of that plan also has to be how you're going to change the revenue, restructure not only every debt, but you have to restructure your organization to have less expense and in some way create more revenue. This is Wizard of Oz time.

Tell me. Of course, the next thing that surfaced for us was the New Jersey Gaming Commission. We were the first casino in New Jersey to file for Chapter Eleven protection. Now there have been a number since, but this was their time to really try out everything. Every decision they made about us was something new that they had not dealt with before, so everything they did [laughter]

In a lot of legal actions, there's always somebody that's done something and made a decision before about it. Not in New Jersey. I think that they believed they were in a world of their own, even though when we first had to appear before them after the filing, we had Jeff Silver, who's an attorney here in town. You may remember his name. When the Riviera filed years and years and years ago for Chapter Eleven protection, he went in there. I think he was, first of all, bankruptcy attorney for them, and then ended up becoming the president of the hotel.

Did you have Major Riddle?

No, no. Wasn't that the Thunderbird? That was Major Riddle, but I don't think he was part of the Riviera. It was Pia Zadora's husband, Meshulam Riklis, who ended up at the Riviera. It was pre-Riklis days when Silver was there. I think Riklis followed Jeff Silver.

I was thinking that Jeff Silver did that again and also became the operator, subsequently, on other properties with the same problems.

He did the Landmark, when the Landmark failed.² He went in there. So we had Jeff come out to try and tell the New Jersey Gaming Commission that this was OK, that people did survive after Chapter Eleven, that it wasn't a reason to close the place down or send everybody packing, because this does happen.

This was in November that you filed? And so in April, you were going to have a licensing committee meeting.

We were before them for our licensing hearing, but then we had to go over and talk to them prior to that. We were on their agenda. And, of course, when we got introduced as the new team there, we were told by them that we must get key licenses and do a number of things, including meeting all of the requirements that they had in terms of licensing. I guess at that point, since it was so close to the first of the year in our license hearings, they weren't pressing us at that moment to submit any kind of a plan to them. Because they said—and I can remember this well—"You'll be up for licensing shortly here, and then you'll have to tell us what you're going to do." Probably they monitored our bank accounts to be sure that we didn't run under a certain dollar amount and that kind of thing.

New Jersey had minimum requirements of dollars that you had to have to be able to pay your payroll and some gaming obligations.

That you had that much money always in your bank to meet those kind of obligations. Now the trade creditors organized as a group, so we had to meet with them on a regular basis. Then the bondholders, our secured debt holders, were another class, and they established what they called an unofficial committee of the bondholders. They called themselves the unofficial committee instead of an official committee, and I don't know why.

The court only recognizes one committee? Is that it?

I don't know.

I think maybe the court only recognizes one.

Anyway, they were called the unofficial committee representing secured debt holders, which was the bonds, and we had to meet with them on a regular basis, as well. We would have to go and visit with them. Their question was, "What are you going to do?"

The suppliers, the unsecured creditors, were interested in continuing to do business with us, but they made us pay them cash. They weren't going to deliver things to us without being paid. Of course, all the past bills were just frozen then at the amounts that we had submitted to the court. The liquor supplier would have given us a bill as of November 13 or November 14 when we went into Chapter Eleven, and then we would have had our own number as to what we owed them, and then you'd have to reconcile those numbers.

We'd reached a consensus with all of them as to what the exact amount was that we owed them as of that date. That's the first thing, you had to establish what you owed them, and I can remember going through, oh, endless meetings and trying to figure out how much we owed the liquor guy or the meat man or whatever services that vendor provided—what their records showed and what ours showed. It took forever, but we did reach an agreement with most all of our suppliers. When they made deliveries, we paid them in cash for a while, and then once business continued as usual, probably within six months, many of them would give us a longer time to pay. They wouldn't let us off too many weeks, but they would give us a week or two, and we would not have to pay them as they delivered things to us.

For services and things like that, you worked with those people as to what kind of arrangements you could make with them. They demanded a retainer, and we tried to minimize that, because that was not a good use of our cash, to have service providers holding on to money.

Paying payroll taxes and employee benefits is an obligation that you must meet. Irrespective of whether you're in Chapter Eleven or not, you are required, and there can be actions against the people who are managing—or the board of directors and the managers or the president of the company—if you do not meet your payroll tax obligations or your employee benefits. So they monitor that very closely. You must meet those.

Whatever you owe employees—accrued vacations, accrued sick leave, any of these items due an employee—must first of all be calculated very carefully; and secondly, when they are to receive these things, you have to give them to them. You've got to have cash to do that. The penalty for that could be criminal charges against officers, directors, or managers who do not have the money to pay those people, so you've got to be sure that you do keep those kind of things current, and that is watched very carefully. So there was no getting away. When you're running—if my memory serves me correctly—a couple million-dollar payroll every two weeks, you've got to have money around to take care of the paychecks. [laughter]

Do you remember how many employees you had? I would guess you had to have close to 3,000 something.

When we went there, there were over 3,000 employees. There were, like, 3,200 employees. And of course, I'm getting ahead of my story, but that was one of the adjustments that we made almost immediately. Well, not almost immediately. I'm sure it wasn't until we got over the initial shock of being there. But how were we going to cut staff, or what were we going to do? Were we going to have massive layoffs? How were we going to go about reducing staff?

One of the things that we all thought about was losing people by attrition. When a job became available because someone was leaving, we took a very careful look at what that job was and determined whether we really needed that person or if there was a way to restructure something so that you could operate without that position. There could be one less person in your valet parkers, your bellmen, your waitresses, all the line people. Department heads were asked to consider ways in their departments to structure the functions so positions did not need to be filled. And it was amazing. If you paid attention to every job opening that came up in that 3,200 base of people, you could find lots of ways to discard a job and not need to refill it.

Probably with that big of a place, you might have as many as 10 percent, or 300 jobs a week, that would come up.

Yes. That was great. And I think it was Steve Cooper who said, "Why don't you think of doing this?" So we began to look at it and really began to consider with each job opening what we could do without. So then, of course, every job opening—I didn't care whether it was down to the last person, the last valet parker—came across my desk. We'd begin to think about whether it made sense to cut this job or made sense to restructure the responsibility, to have somebody in the department take on some added responsibility. So I got to know the operation very quickly this way, because you're talking to a lot of people. You're visiting with not only the department head but, many times, the supervisor who's in charge of that particular group.

Reducing your staff by attrition was, I think, probably one of the most important things that happened in terms of trying to get toward fixing one part of our expense side. It did take care of a lot. I ended up having just over two thousand employees by the time we went through over the three-year period, so that's good.

You said you thought your payroll was \$2 million every two weeks, so that would mean that now your payroll was down.

Yes. It was down to \$1.2 million or less.

Down to \$1.2 million or so was a huge difference, and payroll was your major expense.

Our biggest, largest expense, outside of debt services.

And it was cash that you had to have on hand, so it was everything that required your first attention.

Yes, so it gave me an opportunity to learn an awful lot about many departments that I might not have looked at as carefully or as closely had I not been under this requirement to decide how to cut expenses. You really begin to get an idea of what each person in your business is doing. Well, not each person, but certainly you get a random selection from every area.

You at least get a feeling for what each job classification contributes.

Exactly, so it was a good learning experience for us.

In retrospect, would you have used that technique if you'd have known about it when you first started with the Four Queens in Las Vegas in 1977? Is that a good way to learn about an organization, to just do that?

I think it probably is a very good way. Timing is everything. When you have a need, you're going to find a way. Perhaps in 1977 when I took the position at the Four Queens, since there was no urgency about it, I don't know that I would have looked.

I do think it was an excellent way for me to really get a good idea of how the business ran, and it really gave me an in-depth study of most every department. It was something that I'm glad happened in the way it did, but I guess that's why we were paying consultants to help us, too. It isn't like taking your time and being creative and coming up with a business plan. You seem to be on the firing line every minute. Somebody is calling with another decision to be made, because we were in Chapter Eleven. You have to spend carefully. You must pay cash for everything. Nobody wants to talk to you. I can't even tell you when the days turned from normal business—and it wasn't really normal when I first went there—to a crisis every other second, it seemed. Just another decision to make, and how are you going to handle this? It's a different world. It's an entirely different world. And then to try, to the best of the ability that I had, to keep your employees settled down, that was a huge undertaking.

How did you do that? How did you communicate with your employees?

Well, remember I told you that we had a theater that would seat 1,200 people? No, it was 1,000 people. I held several meetings over there. When I first got there, I tried to gather the people together and got a reasonable showing. Not huge, but a reasonable showing.

When you say tried to gather, you sent out a memo and said . . . ?

There's going to be a meeting with me.

But it wasn't mandatory?

No, it wasn't mandatory. Well, some people would spend their own time to come over and hear. As I say, it was a reasonable attendance, but it wasn't huge.

Reasonable meaning you probably got a couple of hundred?

Yes, out of half of your work force. And I guess what I got out of this was that they couldn't understand, down to the limo drivers and the valet parkers and everybody. "Why? You come from a very successful property in Nevada, and you're part of our parent company. Why can't you guys just keep sending money to us so that we don't have these problems?"

Nobody really understood this from a business perspective. It was like, "You are there to take care of us, so we can keep our jobs." A most amazing culture, I guess—it was really peculiar to me. There didn't seem to be a question in anybody's mind that there was anything more they could do, but there was an idea that we were doing something wrong, and somehow we were not performing our job. Well, after the filing, I then had meetings again. And I'll tell you, there was a huge attendance, because everybody wanted to hear what we were going to tell them. Of course, I think we said that, customarily, in a situation like this . . .

That was just you speaking to them? You and Ed?

No, me and the attorney who was a consultant, Steve Cooper, and probably Chuck Gerber were there. Chuck was our general counsel and also a member of our board, not a local guy. He was from Chicago. I'm sure he was at that meeting.

Anyway, my message to these people was that despite the fact that in situations like this there are often layoffs and very often wage rollbacks, we're not going to impose either one. We are going to operate as best we can, and we're going to try to continue operations as normally as we can. There will be changes, because obviously we have to come up with a different plan of operating so that we can cut our expenses and hopefully increase our revenues. It was that

kind of message I wanted to send to these people to try and calm them down, because everybody was sure that, by midnight, I was going to fire everybody in the place, or, if I didn't do that, I was going to cut their salaries. That was high on the list of stories that were running around the property. I think that it helped, but it was difficult to keep people focused. They were so busy worrying about their jobs and where they were going to be tomorrow in the initial period after we filed.

Once they saw that I wasn't announcing major layoffs and that I wasn't talking to anybody about cutting salaries, it kind of settled down. It got a lot better, and we became more familiar figures on the property. Time takes care of a lot of things, you know. When you're brand new, everybody's willing to make up the wildest stories in the world, not saying, "Well, let's see what it's going to be like," or, "Let's give the people a chance." They just jump to a conclusion, and I guess that's normal. I suppose it's their livelihood.

As I told you before, certainly the people in the Atlantic City casino, I think, more than here in Nevada, look at their jobs as their real careers. (I don't know about the north, so I'll just say that for Las Vegas.) So many people that worked for me at the Four Queens in the casino were at that job while they were waiting to do something else. They were on their way somewhere else. I don't mean that literally, but they were reaching for other opportunities.

Whether or not it ever happened, it was a mind-set.

Right. In Atlantic City, those people—I'm talking about the people that dealt the games and managed the games and watched the games—believed this was a career for them. That was where they would stay for the rest of their lives. It wasn't that they were going off to become a professor of psychology somewhere or be a law student or anything else. They were there. And it's an interesting, different mind-set than in Las Vegas. Maybe that's changed here. It would be interesting to know, wouldn't it, if people are as temporary as they seemed to be back in those years? I can't remember. It seemed to me that it stabilized some, but I don't think it ever changed to the extent that I found it in

Atlantic City, when I first got there. They thought they had a job for life.

So, we had to meet all the requirements of the court, in terms of our reporting requirements and then the requirements of the New Jersey Gaming Commission. We had to be reporting to them and keeping them comfortable with our bank balances and showing that we were conducting our business in a good way. Well, the New Jersey regulators were afraid that the minute that we filed, as saving money became a real challenge for us, that we would in some way try to bypass some of their regulations. I'm certain they watched us, but we were being watched now even more carefully, because they just wanted to be sure that we were meeting the standard requirements of staffing that they required as part of their regulation.

New Jersey has some specific staffing requirements that Nevada doesn't have, where a supervisor can only supervise so many table games.

Four games. I'm talking about blackjack—four blackjack games.

In Nevada, if you were going to restructure, you might reduce the number of supervisors. In New Jersey, they were very careful not to allow you to do that?

Yes. So they watched over us, to be sure that we weren't violating any of our requirements there. We finally got on a pretty even keel, and then after three or four months, it was time to go before them for our first license hearings to see if we could get a license for the coming year.

Did you have a Chapter Eleven plan approved by that point?

No, no.

By the court yet, even?

Oh, no. No, you see, automatically, when you're appointed debtor in possession, you're told to come back, let's say, in 90 days. It might have even been 120 days, and then you reported on your plan. That's the first hurdle. So now in 90 to 120 days, whichever it was, you go back

and ask for more time. I've seen it done like that for several years. Even to present a plan, you can get at least a year. I guarantee you, you can get a year without anybody giving you a bad time. It's kind of like it's automatic. You get that time.

So at this point, when you go then for your licensing, there's really no structure to what you're doing at all, which probably means the licensing guys weren't very . . . ?

Well, they wanted to see, "How are you solving your problems? What are you doing?" At any rate, of comfort to them When Hyatt went private, Elsinore became the public company. One of the conditions of Hyatt's going-private transaction was that the receivable on the subsidiary spoke from the parent company, which was all of the money that we'd earned over a lot of years, was due to the subsidiary, minus, of course, what they paid for it. So it ended up being a debt of between \$25 and \$30 million that the parent company [Hyatt] owed the subsidiary [Elsinore]. So Hyatt gave us a note for that amount, and I can't remember the terms of that note. Anyway, that became a receivable on our books that would be a real asset, and that helped.

On Elsinore's books?

On Elsinore's books.

Because Atlantis doesn't get all of that.

Oh, no, no. Atlantis doesn't get it at all. Of course, they didn't get any of that, but it is an asset that we had.

Atlantis is a separate entity?

Yes, because when the Atlantis, or the property in Atlantic City, was first organized, the people who owned the ground on which the Atlantis was built were partners with Playboy. Before there was ever gaming there, they were partners with Playboy. Not a company, just maybe half a dozen individuals, maybe four. I can't remember now, but there were several people who were partners with Playboy in the Atlantis, in the real estate. That was the only

way. Playboy didn't have the money to pay them for the land, and they were agreeable to becoming partners with Playboy in the land. So when we agreed to become a partner with Playboy in this project, what we set up was not the traditional corporation. We set up a subsidiary of Elsinore to become a partner with the subsidiary of Playboy in the Atlantis operation. Plus, a fraction—it was around 4 or 5 percent of that partnership—was owned by these landowners. You see what I'm saying? I'm sure that somewhere at home I still have the graphs we drew of how this all interacted in the ownership. So now we had, in the ownership of the Atlantis, a subsidiary of Elsinore (Elsinore Associates), a partnership with Playboy (something Associates), and this small minority interest there. So we operated as a partnership. We were not a corporation.

And that partnership was who filed bankruptcy?

Yes. It was the partnership of the two companies and these guys. That's the organization that filed bankruptcy. So actually, when you called yourself a president, you weren't really president of anything when you were the head person there, although they did call them "president." But they were really a president of a partnership, which I've never heard of. I don't know if any other casinos operated under any kind of an organization but a corporation. I'm just not sure, but I think we were kind of unique in all of that.

At that time, you went for licensing every year. Now it's every two years, but when we came there, it was every year. You would take the original application that you filed, and you must update it. As a rule, the thing that requires the most updating is that your financial information changes. Of course, the family background and all of the personal things usually don't change. So then you have to yank out the old financial information and put in anything that's changed about your holdings—how much money you have, what you've bought, and what you've sold. You must report to the state every year on it and exactly what happened to it.

Our board of directors had to file new, revised applications and submit them, then our attorney and accountant prepared what they called a business-something statement, which

showed the condition of our business as of the prior year. We were on a calendar year there. You file that in preparation for this licensing that you're going to go through. You have to have that in ninety days before the license hearings to give the regulators an opportunity to now go back and check on all personal applications, the financial aspects, or what has changed in your particular situation. It also gives them a chance to look at the whole company, so that the Casino Control Commission board can make a recommendation to the commission itself as to whether to give us a license or not. I guess the Nevada Gaming Control Board is like that, isn't it?

Yes. The board makes a recommendation to the commission.

Anyway, we had to have all this up-front time to do the paperwork. The board had changed. Some of the board members had changed. Obviously, people at the Atlantis had changed. I had brought in, as I told you, Dick LeVasseur. As part of my agreement to stay there and the board acceptance of that, I said I wanted to have Dick remain. He'd agreed to be an officer of the company and to be there. He wasn't an officer at the time, but I wanted him. So one of the things that was in it, and I felt it was absolutely necessary, was that he become an officer of Elsinore if he was willing to give up and move and change his residency. Also, I insisted that he become part of the board. I got my way, of course. These guys didn't have much choice, I suppose. I don't mean to say that, because they could have said, "No, we don't like that," but I guess it was the best plan around at the time, so they accepted that.

By the time of the license hearings, I believe I had already gotten Ed Fasulo involved on the operational side and had had him make enough visits, and I finally realized that I really needed someone like him there, too. Again, it became a matter of trust. People that were there, I just didn't totally trust.

The operations person was a gal who had been brought in by Ron Azzolino, the former president. Well, I didn't think she was really competent. I didn't have a lot of faith in the decisions that she was making. I really worried about her, and I thought, "Now what am I going

to do?" I can't just go to the outside world. There was not a raft of people out there that I could choose from for this kind of thing. So Ed seemed to be the likely candidate. He had also been very helpful in coming out and running through all the way from food and beverage to hotel operations to beginning to get involved in all of the non-casino operating departments. Of course, this gal, I think, felt the pressure anyway.

So finally, I asked Ed to join the team, and I asked also that he become an officer and director of Elsinore. The board agreed to that, so there were the three of us that were Nevada people who'd come to New Jersey. Ed also became vice-president of operations, and Dick was vice-president of marketing, and that was the way the organization was structured.

Our operations gal was very uncomfortable. I think she really felt her days were numbered there. And I'm trying to remember, but a situation came up, and it had to be within the first three or four months that we were there before the license hearings. Some gal, an employee, was drunk, and she was up pounding on the door of the executive offices at the sixth floor, and our operations person was about to cave in to that, trying to appease her or accommodate her in some way. And I said, "There isn't anything that this person can do that I'm afraid of, so let's get that straight now. She has to be fired, and I want you to do it."

She said, "I'm not going to. She's going to tell this and this and this."

Well, later I found out that probably what she was worried about was that the woman knew something about some prior relationship she had, and she was afraid of that. I said, "You're just going to fire this person," and she was refusing to. And I said, "Well, if you don't, it's your job. It's that simple. That's a direct order. I want this person fired. We are not going to be held hostage to somebody, because they're out there drunk and yelling and screaming. We're just not going to be." So she left, and I got rid of her. I would say within the first ninety days, she was on her way.

We went to the relicensing hearings with both Ed and Dick having agreed to become residents of New Jersey, both up before the commission now to be licensed as key license holders. I can remember Dick, after the first session, came to me. He got me outside the room,

and he said, "I'm going home. I'm not staying. I'm not staying here."

And I said, "Dick, you can't do this to me. You can't quit now. There is no way you're going to quit now. Come on. Now just settle down, and we'll coach you." He was just absolutely scared to death after he had seen how that first day had gone and the kind of questions and pressure that we were under, the people that were interviewed in that first day. He was just dreading having to put himself in that same position, I know.

Anyway, so I said, "Dick, please, before you make decisions like this, sit down with Steve Cooper, and we'll coach you for any possible kinds of questions you may be asked. We'll do the very best. We're there. Chuck can jump up and ask for things." It's almost like a courtroom, in that you could intercede. I said, "You know, you're not being thrown to the wolves. You're not going to be up there just sitting there without any help. We're all going to be there."

I finally convinced him, but he was ready to go home. "Quit my job?" he said, "I don't care about my job. I don't care about anything. I just don't want to stay and go through this kind of interrogation." Well anyway, it wasn't nearly as bad as he expected.

It wasn't really that bad. I had to present the plan, which was our budget and why we believed we were going to make our budget. We had a nice presentation. And you know, they were fairly reasonable. We had a lot of legal things that we needed to have testimony about as far as what position the company was in from a legal standpoint—what Playboy's relationship was to us and what that meant. We had to have whoever we could get to explain what we believed from our position on this, as to where we thought we stood. We believed that Playboy couldn't do a lot to us, because when they filed their bankruptcy action against us, it was in anticipation that we weren't going to make a payment whenever the payment was due, which was a long time away. We thought that they were being unreasonable and that there was nothing they could act on, at least in the immediate future. It was tough on the legal side, but from the operational side, the regulators accepted our budget.

In Nevada, we always question whether or not the regulators really want to be tough. They want to posture as if they're being difficult, but when they're dealing with somebody who is operating At this point you still have 2,500 employees or something like that. If they stop you from operating, they don't have a secondary plan. There's no fall-back position.

Exactly.

So they really need you to keep operating.

Kind of like calling their bluff.

So it's kind of a posturing game where they're playing this game, but there's no real intent at this point, probably, to stop you, no matter what they heard.

That's right.

They wanted you to answer correctly, but the truth of it probably is that there wasn't any incorrect answer.

At least in this first hearing. Our relationship with Playboy, of course, was under a lot of scrutiny. How were we going to pay them, and how were we getting along with our bondholders? All of these really serious issues about whether we're going to be around and whether we were a solvent business or not were a lot more interesting to them on this hearing than the players.

There were two issues for them for regulatory purposes. First, get Playboy out. They're not licensable. And then, is the business solvent? Do they have a good plan for operating?

Those were the real key issues in that first license hearing when we had Julian Levi, whom I've told you about, the marvelous guy that had been a very prominent attorney. He was a very bright, articulate guy, and he told them about Playboy. They were such bad people, as far as he was concerned. He didn't use that terminology, but he reassured them that Playboy would never have any influence over Elsinore, that that could

never happen, and that as long as he was on our board, that was not an issue.

And he did it, and he was funny. He was funny. He really gave the commission hell, because he started in that first license hearing, and he went on by saying, "You forced us into this position by the kind of deal you made us cut with buying Playboy's interest." And that was really his message. Every year it came back again, because they put us here, basically, in making us cut this deal with Playboy. Had we been able to do it on an income-stream note, we could have written our own terms. Playboy had nowhere to go. We could have done it on a cash-flow note.

Is that true? If it had been done without that sort of pressure, would Atlantis have been profitable and successful?

You know, I'm not sure. Maybe it couldn't have been, but I think we would not have taken on that kind of a huge obligation. I think we would have looked for financing for just the Atlantis, and we'd have tried to figure it out some way. I think it would have been quite a different structure, but when we had a \$15 million down payment to them and a continuing obligation to pay them . . .

On the subject of licensing, could you give a description of the process? I'm thinking that it was just shortly after this, three years or so, that Steve Wynn sold out of Atlantic City. When he left, he kind of said to the regulators, "You make this impossible." I wonder if just the idea of coming back every single year and going through the same procedure just finally wore him down, and he just said, "This isn't the way anybody does business." So that would be one regulatory question. The other would be this cost of doing business. They were trying to penalize Playboy, when in fact they penalized you and maybe caused somebody to go out of business in Atlantic City.

I know. It seemed pretty oppressive, what they expected from their license holders.

And I guess I might as well ask this. Did it keep organized crime out? Were they successful? If

all of this was to keep the bad guys out, did they keep the bad guys out? Or did the bad guys come in another door?

Oh, I always thought the bad guys came in through the building of the properties. Possibly through some services that were offered to the properties but certainly in the construction of those properties. I have no actual proof, you know. I can't tell you for sure that they were players in the construction, but I just saw enough and heard enough things from people that I think are reputable.

As a general rule, it would cost about twice as much to build something in Atlantic City as it costs in Nevada?

Oh, yes.

Maybe another question is the culture of the employees. Did they culturally accept New Jersey, that that was an OK place for them to be, and all they were trying to do was to keep the organized crime or the mob out of being the casino operator? But they never cared about all the other places, they just accepted that?

Who looked at who was putting pressure on us during construction and then getting the place built? I don't know that we were reporting to anybody about any of it. It's amazing, isn't it?

Because that's another place that the cost of building was at least 30 or 40 percent higher than it should have been.

Oh, more than that. Yes.

So when you add up the debt that you have to service out of that property that was unnecessary, that was allowed or created by the regulatory structure that was intended to make it safe, but not only didn't that make it safe, but it made it . . .

It could make it almost impossible to operate.

Yes. And that's what Steve Wynn said when he left. He said, "You guys have made this impossible." But nobody ever quite articulated, in my mind well enough, why it was impossible. Well, there's too much regulation.

Well, they wanted to make everybody the same size, it seemed like. I felt oppressed because if you had new plans for marketing, you discussed these with the regulators. Can you believe this? You discussed them with your regulators, with people that worked at the division of gaming control, and you had to get their approval. Well, we came up with what I believed were innovative plans to try and help ourselves as we went through this Chapter Eleven reorganization. We were trying to improve our business at not as great a cost and yet remain competitive, and it seemed like getting approval to do some of these things would take forever.

There seemed to be so much going on during this time, not only regulatory but with the bankruptcy court, too, and meeting with everybody. So who's running the store? Who's doing the operational stuff while you're doing this?

At the Four Queens?

No, at Atlantis.

Well, Dick and Ed and I. There were other people, like the chief financial officer, Bruce McKee. Bright guy, very good accountant, CPA. He was really a very good accountant.

Because that's another question. Somebody had to manage the cash. There are huge cash-management issues if you've got to pay this bill.

Yes, and accounting there was a huge job. You have no idea, because we were required to do so many kinds of reports to the regulators that the accounting function there was just unreal. Just the storage of paper at that point, to keep the kind of records that they asked us to keep, that they *insisted* that we keep . . .

Hard copies?

Hard copies.

This is not computer disk or microfiche. This is hard copy. Were there five years or something like that?

Five years and maybe even longer.

You also had the additional requirement of reporting to the bankruptcy court. So you had a new set of reports you had to generate, too.

Bruce was a really good accountant, and maybe this is an accountant's function, but I still look back on it thinking, "Can't this guy ever not come to me with a problem and tell me why I can't do something? Can he ever come to me with a solution about how we can do it?" I used to just ache for that. "How can you explain to me a way that we can do this?"

In the beginning, of course, Bruce, like most of the employees there, was worried and nervous and afraid of what we were getting into and where we were going. And obviously, with a job like his, it was a time in his life where he worried as to where we're going to end up. I'm sure that after he got to know us, he was sure we weren't going to ask him to do anything inappropriate or put any pressure on him, but that's also a consideration when you become a part of a bankruptcy action. "What am I going to do?" and that kind of thing. But I think we got past that hurdle fairly quickly.

But Bruce was just always there to tell me why I couldn't do something, and I was always saying, "Please, let's look at this whole situation and see if there isn't a way that we can get around it." For example, when somebody resigned, looking at ways you could manage the department without that person, and how could that be done? He would say that it couldn't be done, that we'd submitted to the state our staffing program, the names and the people, and we couldn't just say "Well, we can do this. We can combine these two jobs." We had to get approval to do that.

The whole regulatory structure there is one that, first of all, stifles any creative business judgments that you may have or business plans that you want to make, because it's like a cookie cutter. You've got to be exactly the same as the

guy down the street or down the road. And if you change salaries, if you move outside the salary range that you've given the commission, then you've got to go back and tell them what you're doing, why you're doing that. It was just every single day a new regulatory requirement. It seemed to inhibit our being able to make any changes in personnel or to be creative in the way we were running that business. You could not put in any new plan, it seemed, without somebody saying, "Oops! You can't do this, because you're not meeting the regulation."

It also inhibited, then, your employees' ability to think. Not only the company, but then it made your CFO just became regulatory focused.

That's right.

Even if he could have been creative.

Once upon a time, but he lost it quickly. Anyway, we had Bruce, and we had our chief of security and our chief of surveillance. Surveillance was a huge department—a *huge* department, because all casino employees have to be licensed. The surveillance guy was responsible for all background checks on all the employees that we were going to hire, so he had a pretty big job and a pretty important job. He was a good guy.

Again, he was an easterner, and they have a different culture. I think the people from the West, they're a lot more . . . I don't know. All of them, when I went to Atlantic City, seemed to lack independent thinking. I guess it was the regulatory environment that made them that way, because everything that we talked about or thought about or wanted to contemplate doing had to pass that test with all of these guys that felt like they knew the regulations. I used to begin to feel like they were looking for ways that the regulations wouldn't allow it to happen. They wouldn't say, "Well, no, that's silly. We can do that given these few things." Anyway, that's the way I felt about most of those kinds of department heads, that they really looked for ways, particularly in the security/surveillance area and in the accounting. The CFO was like that.

I'm trying to think who else I had. Oh, one of the things I think every property did was to have an attorney on staff. You have an attorney that sits there, and he writes up the changes management wants to make for submittal to the commission. So we had an attorney there that I inherited, and Nick, by the way, was a really, really good attorney. He was great. He ended up going with Trump, and, as far as I know, he's still with him and got a very, very huge salary increase and then as time went on, moved up in the organization. He was a great guy and really a big help to me in the beginning, particularly in trying to respond to the commission's questions about Chapter Eleven and helping me in looking at why certain things had been done.

I'm talking about legal and financial handling of various things, certainly interactions between Elsinore and the Atlantis, which we had to explain when we went to the commission. Remember I told you we had a line of credit, and at certain points, Bruce would call us at the Four Queens from the Atlantis. He had a working arrangement with us. He always knew that he could repay it, but he would ask us to cover him for a while. Maybe he'd run out of his line of credit. I don't know. But he would ask us to send him cash for a certain period of time. Maybe it was two weeks or a month, and we'd send \$1 million or \$1.5 million, and then it would be returned to us on the day that was agreed upon.

The commission, in looking at these transfers . . . I suppose that this exchange of money between the parent and the subsidiary probably had to be reported to the commission. But there would always be the pattern of repaying it, so it was not money that we were putting there, never to see it again. It was money that we were lending. I'm trying to think of the particular circumstances. Perhaps the line of credit may have been maxed, and they needed money to get to a certain point and time where they could draw on the line of credit. And then we had to pay off that line of credit every year, too, so we had to bring that down to zero at some point in time.

Did you have a human-resource person as a part of your decision-making team?

We did have a human-resource person, and she eventually became part of our team, but at that point in time, no. We had the operations gal I mentioned earlier who really interacted with the human-resource department. I can't even think who the human-resource people were.

And she [the operations person] was gone by the April hearing?

Yes, she was gone.

So Ed was on your team and Dick and Bruce.

And the attorney and Bruce. Those were the players.

And at this point, your job is complying with the regulations and reducing your expenses.

That's right. When we went before the commission for relicensing, we had a plan which showed that we were going to be probably barely profitable, but at least it showed a bottom-line profit, only for their show. But we were operating as we were when I got there, not even making operating expenses. We gave them a plan that, of course, anticipated that we would have considerable cash flow at the operational profit line.

This initial plan still didn't include any payment of long-term debt, because that hadn't been resolved in court at all yet?

Because that had been stayed, right. We showed that we would build up cash rather quickly as we went along here, given expense cutting and hopefully not too huge an erosion of revenues. I guess we had reasonable assumptions. At any rate, the commission was not particularly critical, at this first hearing, of our business plan. They were more critical of how we got to where we were, and they wanted to know who the people were who were going to be there.

I think they really looked at us and said, "Well, can they manage this?" No, because they've got kind of an arrogant attitude back there. Nobody's quite big enough or resourceful enough or brings with them the credentials to hold a job there. It's kind of an elitist society, if

you became a member of that group that was managing one of those properties. I'm sure you've sensed that in hearing about Atlantic City. They got very rude. But you begin to take on that. I hope I never did, but I think probably, in a little bit, you begin to look at yourself thinking you're really there, you know? It's a strange thing, because I never had that feeling about people in Las Vegas. I never, never sensed that. But when I got to Atlantic City, certainly, the way they react to . . .

Maybe not only looking at the regulatory process and how difficult it was, but at that point, there were only twelve operating properties working.

That's right.

There were only twelve of you at the top at that point?

Well, there weren't even twelve when I got there. Let's see, what opened after I got there? The Castle opened, which was a Trump property. Tropicana was already open. Showboat opened after I got there, because I went to the opening of that. That first year that I was there, it opened. I guess most of the properties were there. There's Resorts and Caesars and Bally's and Claridge. The Plaza had just become Trump Plaza.

When I first got to Atlantic City, Holiday Inn was still a partner with Trump, and they built the Trump Marina Casino Resort, which was successful. Then they went over to the boardwalk and built the Plaza, as they called it. If you're looking at the convention center, it was to the right, and the Atlantis property was immediately to the left.

We then got permission from the Casino Control Commission and the New Jersey Gaming Commission and all the other regulatory agencies, after a long, hard battle, to connect each of those properties with a walkway, because we were up to the property lines at the convention center. We had to make a walkway so you could get into the convention hall from both Trump Plaza and from the Atlantis.

As I told you earlier, there is a horrible accessibility problem of getting up and down in the Atlantis. When buses would arrive, first of all, they had to arrive down Florida Avenue, which was a little two-lane street with a cul-de-

sac, and on one side of the street was the theater building. On the other side was our hotel lobby and where you came in to register. As you were coming down Florida Avenue before you got to the cul-de-sac, you could turn left and go into our parking garage. We had leased the parking garage, which was under the West Hall, which is an exhibit hall attached to the convention center there. The exhibit hall was like 100,000 square feet with very, very few support columns. It was almost like a clear span, and we had parking for about 500 cars underneath it. Then on top of it was this huge exhibit hall connected to the convention center.

When Bob Maxey was still at the Atlantis, he had the idea of going to the convention center—I don't know whether it was his thought or maybe people at the Atlantis—and getting them to agree that on the days that the hall was not used, we could drive our buses right into the building and create an entrance from the West Hall into the second floor of gaming at the Atlantis. That was where our two properties came together. We had to build some steps, because the hall level was a little below our second level of gaming, but we could bring the buses in, have them enter all under cover. They never even got to the street at all. They never came in off of the street.

That relieved a huge traffic jam that would happen, because if you're looking at having 3,000 to 4,000 people each day arrive on buses, can you think of the logistics of trying to have them come down that little, narrow street and unload them and get them in? They have to enter on that ground level and take the escalator from the hotel lobby up to the first floor of gaming, up to the second floor of gaming. So this was one way to solve this, and it was a great, great thing. It was not at a small cost. We paid them a huge amount of money to allow us to use that—something like \$20,000 a month—but it was well worth it to us to be able to bring our bus passengers in there.

Of course, we had a kind of a real advantage in the beginning, because there weren't that many places that had the ability to not let their passengers out somewhere outdoors. They would have to walk from outdoors. It might have been only a few steps—in some cases more than that—to get into the casino or to get into the entrance to the hotel, whereas here, they would be

delivered to a door that would let them straight into the casino. They had to walk up some steps, but it was really, in a sense, an advantage. And we used it as that, because it worked very well for us. Then we didn't have them trying to get on escalators or elevators to get from the ground floor up to the casino, and it really worked out very nicely. So with the configuration of West Hall, we could have fifty buses in there. We never did at one time, but you could have many, many, many buses in there.

This is about one hundred buses a day you're doing, anyway. I mean, it's a lot, and you don't do them during all the hours you're open.

Not all in the same time.

There's only about ten hours a day, so that's ten buses an hour.

Yes.

It's pretty busy.

It is. But of course, there were days that we couldn't use West Hall, and then we'd have to bring them in the conventional way, down Florida Avenue. Can you imagine ten buses lining up there and letting the people out? When I think about it, whew. Oh, it was brutal. It was brutal. And you don't have the happiest customers when they finally get to your casino, you know. They come in mad. They come in ready to fight with everybody they come in contact with. Maybe people are like that, but you hope that when you're their host that they're going to come in there in the beginning . . . I can understand if they lost money, but they *came in* mad. [laughter]

Notes

1. A debtor in possession is one who has filed for Chapter Eleven but is allowed to continue to operate the business.
2. The Landmark was an off-Strip property located on Paradise Road, directly across from the Las Vegas Convention Center. It was built in the 1960s and was opened as a hotel-casino by Howard Hughes.

DIGGING OUT AT THE ATLANTIS

After the hearing, you got approval in April?

Got approval in April.

You have a temporary license again until the next year?

Yes, and they called that full licensing.

Full licensing. You were good again until the next April.

We were, and now we could work through and try to get

What's next?

Trying to stay with our budget, not the plan, but

But how realistic was it? Once you got into the operating part of it, in May and in June, could you do what you said you were going to be able to do?

Unfortunately, in our busiest times is when we failed the most. In the slower times, we were able to predict our revenues, but when we got into the busier times, we ended up falling short. And you know, you wonder,

“Are people staying away from us?” Because we weren’t even . . . I’m talking about not meeting last year’s numbers. Are they staying away from you because you’re in Chapter Eleven or they’re worried that we can’t pay them their winnings?

There’s a huge image problem of Chapter Eleven, which I guess has abated a lot now. But I think in those days, it was a real problem, because I could hear people saying, “Well, I’m not going there. God, they probably can’t pay me. If I won that jackpot, they probably wouldn’t be able to pay me.” That’s a real concern, and maybe it is still today. I don’t know. But since there have been so many filings, and people have continued to operate, some successfully, you wonder if it’s as much a concern now as it was in those years. Since we were one of very few who had filed in either jurisdiction, it was a real concern then and a real image problem for us to try and counteract. So in meeting or tracking our budget, as we began to pick up, it seemed that our summer months were where we had the most problem and the greatest fall off in revenues, which was absolutely devastating to me.

In your budget, you had predicted that you would do at least the revenue that they had

done the previous year. And probably, in some cases, you had said some small percentage more.

Oh, yes. Maybe we edged it up, you know.

So then the arrival of the season, May, June, July . . . ?

We're falling short. And of course, at that time, I guess my response was to try and cut expenses more, to say that we could show a bottom line. Of course, the more your revenues erode, the more nervous the commission gets, and the more diligent they become in looking over your shoulder. It all just piles in on you. They become very critical of things you're doing. They begin to think they're operators, too. It's really amazing, you know, that suddenly those people that come out and look after you are better at running the business than you are, or they begin to set themselves up that way, I felt.

So we worked through that first year, I guess, without anybody threatening to close us down; although there was a lot of apprehension about where we were in that we weren't meeting our revenues. Our expenses, I think, were tracking fairly well, but that didn't help matters, because it wasn't producing the bottom line that was expected.

The bottom line in this case is the cash flow that you were supposed to be using to build the cash reserves. You were paying your payroll, paying the vendors on a weekly basis. You were doing that.

But we were not building up the kind of cash We were building cash. Don't hear me say that we weren't, but it wasn't meeting the plan. When I say "the plan," I meant the budget, because this is not a reorganization plan, this was just a budget that we'd submitted.

But the commission approved it as a plan.

Yes.

So it did have some plan dimension to it, or it wouldn't have gotten approved that way.

Yes. For us to operate for the coming year . . .

You must have also been planning for the plan.

Oh, yes. We were planning for the plan.

Which means that every month, you must have said, "Well, how are we ever going to do this reorganization plan now?"

Well, of course, there were several things that we had to do. As a board, we had to make a decision about what we were going to do with the Atlantis. Was it for sale, or wasn't it for sale? Would we sell it? If so, how much would we sell it for? So we, as a board, had to sit down and really wrestle with that, and that was one of the first real issues that we dealt with as a board. After we'd made the decision to set up the operation and deal with the Chapter Eleven the way we were, we had to say, "Is the Atlantis for sale?" Because people were knocking down our door saying they wanted to buy the Atlantis. Now, is it for sale, or isn't it? Without a doubt, it would be for sale, but we had to develop the price that we would sell it for. So we had to work through all of that, and of course, dismal as it seems, I think we came up with a selling price of somewhere between \$90 and \$100 million. That would take care of the debt.

That's your bonds, Playboy, and whatever debt Elsinore had.

And we had to then work on what we would give Playboy in that scenario. What would we give our trade creditors? What would we give the bank? Because we had a line of credit. Remember, I told you about the line of credit that they'd frozen on us? When they shut it down, I think we owed them \$3 or \$4 million of the \$6 million line. So we had that to contend with also.

So we had a lot of classes of creditors to deal with, and you put all of these in different classes: the trade creditors, the unsecured creditors. The unsecured trade creditors are in one class. The bank is in another class. The people that own the land.

Oh, and another thing. One of the things that Bob Maxey had done while he was at the Atlantis was to find a piece of property probably about ten minutes from the Atlantis that had fairly reasonable access from the freeway, where you could just come off the freeway and drive right onto the land. You could park, I'll say, five hundred cars there. We made it into service parking. It had a little, funny building there where you could take cover and that kind of thing. Then we used part of that building—and as time went on, I'm sure we added on to it—for storage as well. It was fenced, and it was paved. It was fairly well lighted.

The marketing that had been done for that parking lot was trying to get the tourists that were coming to us to use that parking lot, and then we would run shuttle buses from the Atlantis out there to pick them up. We did it on a regular, scheduled basis. We would run buses out there to pick up people choosing to park there. So we had leased that land, I think, with an option to purchase it, and until they changed the zoning, it was in an area that was zoned for a casino, so if things ever got better and we wanted to, we probably could have built a casino there. Otherwise, it filled a role that was needed, but it did have that kind of zoning, although the zoning for that area got changed while I was there. It was no longer zoned for a casino. But we had to deal with the landowner there. And then we leased the parking structure, so leases like that were a different class of creditor. Leases or options to purchase and that kind of thing were all a different classification that we had to deal with.

So, what were we willing to give the trade creditors? What were we willing to give the guy that has West Hall? We had to keep paying him, anyway, and we weren't behind. I don't think that we were behind in our rent to them when we filed. There may have been a half of a month in contention at that point, but otherwise, we were fairly current, so we didn't have the pre-petition debt versus post-petition debt. Obviously with the trade and the unsecured-trade creditors, you had a huge pre-petition debt that you had to deal with, and then, of course, the bondholders' pre-petition debt.

Then there was another class, because it was a city we were dealing with. All the properties in Atlantic City had developed areas out along the median of the expressway. Off the island, before you came across the bridge to come onto the island, these medians were developed as parking lots for our employees, and then we had to run shuttle buses out there to pick them up. So you had to keep a bus going out there to the parking areas. Well again, that was another \$15,000 or \$20,000 a month that we paid the city to use this land out there. It was another piece of the pre-petition debt that we owed and also something we had to deal with in terms of how we were going to pay people in this plan of reorganization that we would come up with.

We had to pay the guy for the land just off the expressway that we were using for customer parking as well as the landlord that we had in the convention authority leasing the West Hall to us as well as our parking right close to the building. So we had a lot of different classes of creditors to deal with, and each one of them, got classed: one, two, three, four, five, six, seven, eight, nine. I think there were nine or ten by the time we ended up. Each one of the provisions in the plan dealt with how you were going to pay them for pre-petition debt and how you were going to go forward with them in life after reorganization. And each of these was defined in the plan.

Probably working with unsecured creditors was the hardest. With the bondholders, you went to a meeting and you could pretty well tell what the climate was and any of your thoughts about how you might deal with them in the future. I mean, you could get an answer. You could read them.

Unsecured creditors are, for example, meat suppliers, liquor suppliers, flower suppliers, linen suppliers, and all manner of products or services used in casino-hotel operations. Well, all these people feel, of course, that they've been damaged. Many of them feel as though losing the Atlantis as a customer or not having been paid for what they were owed on November 13 or 14 was going to put them out of business.

They are all out looking for ways to solve their problems. Every one of them thinks that they have some way that they are going to

take care of this problem, all the way from, "I know this man that's going to buy the Atlantis, and he's going to make you a better offer than . . ." to, "I'm going to kill you if you don't pay me by the day after tomorrow," and on and on. So they were the most unpredictable and the hardest group to deal with. I won't say the bondholders weren't. I mean, I can remember a guy throwing a book across the room in a bondholders' meeting, because he was so mad. I can remember these kind of things. But the unsecured trade creditors were the hardest ones to get to agree to anything.

I'm a little confused here. You had started to say that the first order of business for the board was to decide whether or not to sell.

To sell or not to sell, and then I got to the creditors.

And then something about who you were going to pay and in what sort of a way, that that was more of the reorganization side. I take it, then, that the second order of business was this reorganization plan?

Now, if we decided that we were going to sell, then we had to say who was going to represent us for the sale. We had to go out and solicit investment banking people to come in—two or three different firms—to give us competitive bids about what they would charge us to package and sell the property for us.

As a matter of fact, that's how I met Jerry Turk, because he was with Oppenheimer at the time. He was one of the people that came down. He and another man came to appraise the property and tell us what they'd charge us to represent us in the sale of the property.

And Jerry Turk is one of the major stockholders at the Fitzgerald's group, and he left Oppenheimer's and invested in Fitzgerald's group.

Some time after 1986, yes.

And he has since been a partner with them.

Yes. Of course, Drexel Burnham said they'd do it for nothing. They told us that up front. They had a success fee built in, but they didn't want anything in the ongoing charges—maybe the cost of putting together a package or something—but it was small, and it was incidental, whereas, an Oppenheimer or Dean Whitter wanted some kind of payment up front. You had to give them an initial payment to come in and represent you.

And to put this kind of in perspective, I'm going to guess that's probably somewhere between \$100,000 and \$500,000?

Oh, yes.

Because the packaging fee is probably about between \$30,000 and \$50,000?

Yes, to build a package that you can circulate and get out to people to tell them what the property is and what it consists of and how it could be purchased.

So there is whatever their initial fee is, and they also are going to take a percentage of the sale?

Oh, yes. Then they have the success fee built in on top of it. The two investment banking houses that we have no relationship with, obviously, wanted something up front just to go to work on this. And Drexel Burnham was the underwriter of the bonds and had a real vested interest, much more so than other independent investment bankers who had not had a relationship with our company. So, of course, the board voted to sell the property, but we couldn't develop a selling price until we really knew what our final settlement with any of these classes of creditors would be.

It was a horrible chicken-and-egg situation. Which was first became something that we had the greatest problem with, because it was very hard to develop a price until we worked out how we could settle with our creditors. And there is no way that the creditors are going to agree to what would be the final terms in the first few months of

bankruptcy. They will never agree unless you can give them a hundred cents and probably some damage fee—some kind of interest or lost opportunity for payment on their money. So it's fruitless to talk to your unsecured creditors in the beginning.

Maybe to a lesser degree the other kinds of creditors are a little easier to deal with, mainly because you're going to give them a lot more than you're going to give the unsecured. So for the unsecured creditors to get to the point in time when they have a mind-set that they want to settle takes more time. Of course, the longer that goes on, the more time that elapses gives the entity in bankruptcy an advantage with the unsecured creditors, because then they become more and more anxious to settle for fewer dollars. So there's no easy way to do it in the beginning unless you know you're going to have plenty of money to satisfy everybody. If you're looking at the scenario going into this thing, if you were going to give everybody a hundred cents on the dollar, the debtor would have to come up with a huge amount.

And each one of these had to be negotiated before you submitted the final Chapter Eleven file?

Yes.

So how long did it take you to get to a plan?

I think we finally got our plan, which was revised a number of times, into the court in the summer of 1987.

And you filed bankruptcy in November of 1985.

Yes.

And just as a general statement about bankruptcies, for each category of creditor, you agreed to a different percentage to pay them back—a different percentage of the debt outstanding at that November date?

Yes.

And the unsecured ones, obviously, had less To agree to 10 percent was to agree to more than if you couldn't pay anything, right?

That's right, whereas the secured creditors and the bondholders were in the most favorable position. [laughter]

Did you meet Michael Milken during this Drexel Burnham era?

No. Milken was in trouble by then, too.

And we didn't finish that. Did you choose Drexel Burnham as being your representative in the sale?

Yes.

So they put together the package?

We chose them, yes. We're still struggling with the dollar amount that we can pay. You can tell them that it's \$138 million or \$150 million or whatever it takes to make everybody whole. That would be the logical place you'd start, because you had to begin with that number and then kind of work downhill from there.

Did you build any of the pain and suffering of Elsinore into this first price? The stress that this caused? It's the same thing as the lost opportunity to the unsecured creditors. There's this huge lost opportunity to a corporation whose entire effort is focused around this thing. You're just saying, "No. We just want out. We don't look for compensation. Just get us out of this."

"Just get us out of this. Find us a way that we can get out." Oh, no. Maybe some companies do, but we certainly never looked at what was in it for us, that there could ever be anything in it for us. We were going to be lucky if we could negotiate some terms that would allow us to get out, because we were quite certain that we weren't going to be offered any dollars that were sufficient to cover everything that we owed. We just knew that

that wasn't going to happen, so I guess that's a terrible realization. We had lost opportunity, and we were having this terrible experience, and we should be rewarded for it? No.

So where are we now? The board has dealt with this [the selling price issue] and can't deal with it, so it's back to negotiating with each of the categories of creditors, and the attorneys are leading you through that.

At the same time we're working with the bondholders, we're working with the unsecured creditors, but the unsecured creditors are the class that we really need to find a way to give them something that they'll agree to. So you have these mini meetings with these guys, and you begin to send up trial balloons and so on about what they might be willing to accept. What would it look like? But that process can't start until you've had several extensions in the bankruptcy court of your obligation to submit a plan. And as they see the court giving you these opportunities to go out and get another 120 days, that softens them up. Isn't that an awful thing to say? But that makes them more realistic about what they think they should really be paid. Certainly some of them believe that they should get a hundred cents on the dollar, always. But as the year went on and we approached the fall of 1986, they were becoming more willing to talk about some kind of discount in some way. So you just keep stretching this.

I wasn't thinking about it at the time I was going through this process, but looking back on it, I've realized that the attorneys know this. You just have to go through these almost form meetings. You give them a report about how the operation's doing and that you're doing this and this and this. You tell them how you're tracking your budget, and you give them this kind of a report. You continue this process under an attorney's direction, and with his blessing, you keep going to these meetings, which I think occurred monthly. How terrible. It seemed like they always came too often, because you didn't have anything to talk to them about. You just kind of go through a formality, and then you'd listen to them

posture and carry on about how they've been damned and harmed and injured and hurt. And, "What are you doing about it?" As time progresses, of course, you get to be called more names—the unpleasant names, you know.

Were they directed to you as a person? Did it become personal?

It did. The first couple I went to myself, and then I had others go. Like Bruce would go, and it wasn't always the same person. It wasn't always me having to go. I think at every one of them we had a representative of the company. Now, I went to every meeting with the bondholders. I didn't send others to that. Obviously, they were the most important, because they were the guys that could pull the plug. They were the ones that could start foreclosure if they chose to, although that's a lengthy process.

So by the end of 1986, you had reached an agreement with the creditors about . . . ?

Well, we were reaching the beginning of an agreement with the bank and an agreement with the bondholders. It may not have been as early. It may have been a little bit into 1987, but we were working toward it, because everybody was becoming more and more anxious about getting this plan done, particularly the unsecured creditors. We had to get the bondholders to realize that . . . We had some money in terms of that note from Hyatt that was due to Elsinore. What else did we have?

That's the note that was for the \$25 million?

Yes, we had \$25 million to \$28 million that we had. We could possibly discount that note, get it settled. That was a possibility. And what would that raise for us? We had \$25 million of debt on the Four Queens—our subordinated bonds. Remember, I told you we raised that money when we built the new tower and did all the refurbishing of the casino. So we had \$25 million of debt on the Four Queens. And of course, we had the debt on the Hyatt Lake Tahoe of \$25 million, and we had the \$90

million on the Atlantis. Whatever the discounted value of that note was kind of gives you a picture of what we had to work with.

We also had built up some cash at the Four Queens, because when we went into Chapter Eleven at the Atlantis on the Atlantis bonds, we talked to the subordinated bondholders and told them that we were going to discontinue making payments to them to work toward a settlement of a fee and debt of the entire company. So the bonds had instantly taken a kind of a tumble in the market when we did that. By the time that we were beginning serious discussions with the bondholders of the Atlantis bonds, and we'd have to bring in the bondholders of the Elsinore bonds, our bond price had gone over \$100. So people were beginning to think that maybe they had a good bag in the Four Queens bonds, that they were going to be OK.

In November of 1986, we figured out that if we could get some financing, restructure the debt on the Four Queens, take out the bondholders on the Four Queens and take the \$20 million down on the note Well, it was \$28 million, but in the end, it got discounted down to \$20 million to settle it now. So we had the \$20 million from the note. First I talked to our bank, which was at that time Valley Bank, and they didn't want to talk about trying to help us or trying to look at the debt or trying to do anything for us. They really kind of acted very much afraid of the Chapter Eleven thing, that that was a scary place to be and that they couldn't lend into it. Well, First Interstate, at that moment in time, had just loaned Bill Boyd well over \$100 million to finance his acquisition of whatever he was buying at the time or to restructure his debt. Not that he was in trouble; he wasn't in trouble. But he was expecting to spend—I'm trying to remember what he was buying right then—and he wanted to take out some of the debt on something that he owned.

Was he refinancing the Stardust at that point?

Could have been.

Because they first had the receivership of the Stardust, and then they were purchasing and then wanted to add the tower to it.

Yes. Anyway, they had lent him a great deal of money. I thought, "Well, they're certainly lending into the gaming business." At that moment in time, I didn't know what kind of security or collateral these guys could offer, but I thought we had a hope, too. So I asked Bill to tell me who had advised him, and he told me that a firm in Los Angeles—a law firm—had taken him to First Interstate. I'm talking about the guys in Los Angeles, because they were the guys making decisions on loans like this. It ended up that I worked with the people here in Nevada, but the initial introduction was with the people in Los Angeles, because that was who Bill had worked with.

We asked the attorney in Los Angeles that Bill had recommended to see if he would call or go with us to talk with a senior loan person in Los Angeles to discuss our situation and see what they'd be willing to lend us, if anything. So I talked to the fellow in Los Angeles. The attorney went with us to meet the person that Bill had recommended. When I say "us," I think that probably Chuck Gerber, Steve Cooper, and I went and visited with the fellow in Los Angeles. He, in turn, turned me over to fellows here in Las Vegas and said that they were the ones that would probably be in a position to make a recommendation, whatever the results of their due diligence.

The lead person here in Las Vegas was a guy named Jay Kornmayer. That was in the fall. In fact, I came home for Thanksgiving of the fall of 1986, and so I met with him on that Thanksgiving weekend. I think we got together on Friday of that weekend, and I think Don Snyder was president/CEO of First Interstate at that point in time. Jay and another young man, whom I liked very much, came and spent the entire day, hearing my story about Atlantic City, where we were, what our business plan was, how we were coming along.

They took many, many months, but we finally, by spring to summertime, got a commitment—of course conditioned on a number of things—from them to lend us \$40

million with the Four Queens as security for that loan. That was the way it was structured. So if you've worked through the numbers, I had \$25 million of debt on the Four Queens, so you take the \$40 million. That left us \$15 million of cash. We then sold the Hyatt note; we got the Hyatt note discounted and sold for \$20 million. So I had \$35 million in cash to work with to satisfy everybody. Well, it wasn't enough, of course, to pay the accrued interest and take out the bondholders. I couldn't do that, but I could restructure our deal with the bondholders and get them to agree to allow the debt to remain on the Atlantis with the Atlantis as security for the \$90 million, which was attributable to the Atlantis of the \$115 million that we owed them. So that took care of \$90 million.

We had accrued interest, because our interest, irrespective of whether we were paying it or not, was accruing the whole time at 15 1/2 percent. And so 15 1/2 percent on \$115 million increased our debt quickly. Getting into 1987, we couldn't make the November 1985 payment. We made only one interest payment on the bonds. So we had the November 1985 payment, we had the May 1986 payment, and we had the November 1986 payment by that time of 1986. So we had three payments of around \$7 million each, so it was \$21 million.

We then had to figure out what we were going to do with Tahoe. Hyatt said that they would be interested in buying Tahoe, so we had to negotiate a price with them for Tahoe. They agreed to pay us \$42 million or \$43 million, so we owed \$25 million, and we got \$18 million of cash out of that.

So we had the \$18 million, and we owed the bondholders over \$20 million by that time. We had to pay the bondholders, and we'd raised \$18 million and \$35 million for a total of \$53 million. You'll have to forgive me, I'm not remembering. That's awful, because I don't think I had \$53 million to work with. We had to give the bondholders \$25 million. We had to settle with the creditors and the bondholders, and our deal with the bondholders was that we would give them \$115 million—they would get the Atlantis.

That was it, but we would pay them the \$25 million, and they would keep the debt.

They'd still have the debt on the Atlantis at \$90 million, and we would pay the accrued interest at that time, the \$21 million of interest. But that interest would continue to accrue, and we would have to make, I think, still semi-annual payments of the interest to them on the \$90 million, and we would have to give them a \$21 million payment of interest, figuring interest up to whatever the time was when we would pay them. It could be \$21 million, it could be \$23 million, it could be \$24 million, depending on when we could pay them. If we had a shortfall in cash at the time that we were finally settled with them, they agreed that they would take Elsinore stock for any remaining interest that we couldn't pay them based on a formula of market price over the last ninety days. It discounted 20 percent—something like that would be the value of the stock that we'd give them. They'd hold this stock for whatever the shortfall in the interest was that we couldn't pay them at the time that we would finally come to pay.

Well, then we had to work with the unsecured creditors, and as I recall, we just told them that we would pay them, I think it was, ten cents on the dollar. That came to somewhere over \$1 million that we had set up in cash payment. When we sold the Atlantis—if and when we sold the Atlantis—they would then get a piece of it. I should look at the plan. This is terrible to be talking about all of this without the plan here. We would then pay them ten cents on the dollar in cash at the outset and give them a note for whatever our negotiated balance was with them, which would have been discounted significantly. I'm not sure what it was—20, 30, 40 percent—but they would participate in that difference between the 10 percent in cash we'd given them up to the negotiated discounted price.

So for example, if you get ten cents on the dollar and there's \$1 million there, then there's still \$9 million owing.

Well, that's discounted.

And on the scale, they're going to get \$5 million or \$6 million or something.

Five to six million, yes. Exactly. Some discounted number.

And that would be divided among them according to what percentage?

What percentage their balance due is of the total. That's exactly right. Now we had to negotiate all of these claims, each one of them, because we had entertainers. Remember, I told you that we were in the big-name entertainment business. Wayne Newton started out by saying he was owed \$400,000 for our cancellation of his contract, and of course, we negotiated that down. Melissa Manchester—she was another one. I remember these. We owed her \$100,000 or \$200,000 for canceling her engagement, and we had to pay, then we had to negotiate these numbers with these people's agents. Not with them but with their agents. It was a different kind of world. To do all of this, can you imagine the kind of time it took?

What I can't imagine is how you'd ever have time to do anything else.

It just went on and on.

And the company. Nobody has time to focus on . . .

No, that's exactly what happens.

. . . relaxing, and, "How do we make this thing profitable?" You're all too busy trying to work your way out of debt. And you just keep breaking additional agreements. "Oh, we promise to give you this." And it's about as valid, at some points, as the first one. You couldn't do the first one, you're not going to be able to do this one.

Exactly. But somebody should wake up and say, "We're never going to make it!" But no, we didn't. At any rate, I will forever be grateful to First Interstate, because they did agree to do this. They never got hurt in this transaction.

They got paid off, and they never missed a beat, although there was a time after I came back from Atlantic City when our performance at the Four Queens—or Elsinore's balance sheet, affected by the performance of the Four Queens—didn't meet certain ratios that they had written into their agreements with us. And so we got to be classified in not the worst classification but in a "watch" classification where it's not a sure thing. We came under intense scrutiny from them. Those were horrible days, too. Here are people that I really considered friends, and all of a sudden they were breathing down our necks and saying that we're not going to make it. I think we had cash in the bank, but they wanted us to pledge more of that to the reduction of the debt versus our cash flow . . . not being 1.25 times the debt service that we owed them. That was where they were getting hung up and treating us kind of like we were the bad guys then. That hurt.

And those ratios don't mean that you weren't able to operate. It doesn't mean you weren't profitable, doesn't mean you weren't paying your debts. It just means that they had an arbitrary ratio that said you had to be generating a certain amount of cash in relationship to your debt.

Yes, exactly.

And you weren't.

And I wasn't. Maybe I was naive or we were too intent at the time that we made the agreement with First Interstate. The cash flow at the Four Queens was considerably higher than any ratio that you might put into an agreement like that. So it's, "Well, that's a piece of cake. We can do that," not expecting . . . And that's a cardinal sin not to say, "Well, what if our revenue started to decline or our bottom line went out of shape? What, then, would you do?" We were not really anticipating . . . We were thinking, "Oh, well, we can make this," and being, probably, overconfident about it.

Overconfident or desperate?

Well, we were desperate for the money and maybe didn't want to hear or face the reality of looking underneath and asking ourselves these "what-ifs." Probably that was more the case of needing the money so badly.

Plus, I would guess that you and the company had become so focused around the bankruptcy and paying attention to that that you hadn't begun to recognize how much damage you were doing to the Four Queens, and you weren't looking at the Four Queens in any critical sense.

Not at all.

You were just assuming it was going to be running just like it was in 1985, and two and a half or three years later, you don't even see it yet. One day you get blindsided by it, but right now, you haven't . . .

I hadn't focused on that, not at all.

And I would guess nobody in the company had.

No, because month after month after month, the great numbers kept coming in. And so you're absolutely right, because I said this myself. When I started talking about the Four Queens after Chapter Eleven, I was not here in Las Vegas thinking about, "What are we going to do next?" We had programs put in place that were running very well, but we were not dreaming up things for the next go-round. They weren't being thought about. Just a lot of things weren't being thought of, you know—the care and nurturing of the property, how it looked—because we weren't spending any real money. Sure, we were doing necessary repairs and maintenance, but we weren't thinking about, from a marketing standpoint, what we could be doing to improve the appearance of our property. Maybe it wouldn't cost a lot of money, but nobody was looking at that, and maybe if I'd been here, we would have been doing some of the things which should have been done. Looking back, that would have changed your exposure to the street—your appearance, perhaps, on the

street. There are a lot of things that could have been done, probably, that never got looked at or that we could pay attention to.

Another problem was that working through the agreement with the unsecured creditors became a day-to-day thing, because the minute that the unsecured creditors would hear that maybe somebody was going to buy the Atlantis, all of a sudden they weren't happy with the plan to pay them. You thought you had them in agreement, then, pretty soon, you were getting these people popping up. It was like a jack-in-the-box. [laughter] You keep them settled on one side, and then they're going to hop up over here.

They hear that somebody's going to buy the Atlantis. I don't care how outlandish the proposal might have been or how far removed from ever being able to make a deal the parties may have been, but there would be a press release or there would be a rumor that so-and-so was going to pay us \$100 million. All of a sudden, these guys all put on a new hat and came back to the table ready to renegotiate their deal. Finally, I got so upset about all of this, I said, "We can't talk to anybody. We are absolutely not going to talk to anybody anymore about a possible sale of the Atlantis," because every time we did, we'd find our agreements being renegotiated.

Which, just from a practical standpoint, would always move you back a month or two.

Exactly, because you get them back on-line again and get them back into the agreement again. But I'll never forget that. You'd hear these rumors, "So-and-so's going to buy."

Do you remember some of the names of the people that it was speculated were going to be involved?

Well, Trump had made a pass at us at one point, but that was early in the game. We'd filed, but it was before we ever reached any kind of agreements with our creditors. And there was a guy in Philadelphia, a fellow that had a lawsuit underway against the city of Philadelphia. I guess the settlement was going to be \$20 million, \$30 million, \$40 million. I

mean, it was a huge settlement. And he wanted to buy the Atlantis. So he was always lurking around, and we had talked to him, although we had nothing in writing and we had no agreement with him. At one point, his lawsuit with the city of Philadelphia got settled, and he came out with quite a few million dollars. It wasn't \$40 million, but it was a sizable amount of money. Everybody speculated. Again, I can remember all the creditors going bonkers when he was awarded this, because everybody knew that he had been a contender for buying the Atlantis. And then, of course, they're saying, "Oh, he's going to buy it," or, "He's going to walk in there and take it." That was one I remember.

We tried to get Bally's to buy us. That was Chuck Gerber's idea, to go to Bally's, because Bally's was trying to fend off a Trump takeover. Trump had started buying Bally's stock, and I don't know what he wanted to do, but he had begun acquiring as though he were positioning to take over the company. Bally's, in an effort to thwart that takeover attempt—or what they believed was a takeover attempt—was looking around to buy something that would give them a second property.

In New Jersey at that time, people could only be licensed for three properties. At that time Trump had the two. He had the Castle Plaza, and the Taj Mahal was under construction, so there were his two active licenses. Now if he acquired Bally's, and if they had two properties thus requiring two additional licenses, he'd have one too many licenses. So Bally's was looking around for a property to acquire so that it would not be a desirable acquisition for Trump.

Chuck and I were going over and visiting with Gilman and saying, "You know, we can make you an excellent deal on the Atlantis, and that would give you what you want." So he was very polite, and he listened to us. And within a week after, we visited with him. He turned around and announced that he was paying \$440 million or \$450 million for the Golden Nugget. Could have had us.

Could have had you for a lot less.

A lot, lot, lot. So that was one.

That was a good strategy. That makes sense. That was the cheapest license they could have gotten.

Exactly.

They'd have paid full value for all of your debt, bought everything out; they still would have gotten it for a quarter of what they gave . . .

Gave Steve Wynn. Yes, interesting, isn't it? That was one sale that would have been great.

And they would have saved themselves some money in maybe Las Vegas, because he wouldn't have raised the bar quite so high in Las Vegas either. [laughter] They paid for that one more than once.

Yes, isn't that something? We had offers being made. It got so bad, we were getting offers all the time. Many offers that came in were without any merit at all. There was no way that the people making the offer were licensable, number one, and there wasn't any way that they probably had anywhere near the resources to buy the Atlantis.

We got to the point, finally, that before we would entertain any discussions on offers for the Atlantis, people would have to be represented by a New Jersey attorney who was in the practice of taking people through the licensing process. A lot of attorneys were even naive about what it would take to be licensed and the breadth or the broadness of the investigation of whoever was connected with you. They didn't understand that. I think certainly an attorney with reasonable sophistication would understand that, but we insisted that the criteria was that he would have to have taken people through the licensing process. And that did help us a lot, because before they ever got to you, you'd tell them that they'd have to find a lawyer to represent them that we approved of to get them in the door in order to even begin discussions with us.

That helped a lot, because you had to wash out some of these people. Everybody in the world thought that they could buy the Atlantis. The guy that pushed those horseless-

carriage rides down the boardwalk said he had a big investor from somewhere, and he was going to be able to buy the Atlantis. People would listen to that. They listened to this kind of nonsense. It's unbelievable. So anyway, these are the kind of things. In fact, those guys appeared in the bankruptcy court when we were finally settling with Trump, still around and still saying they were going to buy the Atlantis.

It's laughable now, but it was very serious at the time. These offers were being made, and these people were talking about it, because that's all anybody needed. And talk was so cheap there. I mean, people believed everything that they heard, or it seemed that they believed everything they heard. They repeated it and kept talking about it until finally the guy who had the liquor store or the fellow that was selling us meat, all of a sudden, our debt to him was going to be worth a lot more, so he'd better now object at the creditors' committee meeting and inform us that he's not going to go ahead with his deal.

So all this arranging the financing and doing everything got you through . . . ?

Well, as I said, we finally got a letter of commitment, I think, from First Interstate Bank [F.I.B.] before summer. It was in the spring of 1987, because we filed our first draft of a plan, I believe it was, in August of 1987. I think we got through that whole first half of a year before we got a real commitment that we could say could be a part of the plan. We'd had different kinds of letters and kinds of promises, but we did finally get a letter that we felt was good for the money.

Then the summer wore on, and the culinary contracts were up for negotiation, and those were being negotiated through the summer months of 1987. I'm not sure if it was August or what month that the whole industry went out on a strike on the whole city. I don't know if you remember this, but in fact, it was like a riot in Atlantic City. They went out on strike at every property in Atlantic City.

And you said this was Labor Day, 1987?

Yes. They went out on strike at all the properties in Atlantic City, and I can't remember, but I think it was Labor Day. No, because they struck me as an individual hotel on Labor Day, so it had to have been before Labor Day, but in August. They took the whole city, and within eighteen hours, those guys were back at the table. It was scary. It was like they massed, and they marched on the boardwalk. It was scary as hell. They were trying to tip over buses—full of people!—and were harassing people in cars. I mean, it was really very unsafe. Oh, it was terrible.

I can remember standing at the Atlantis and being out in that cul-de-sac and seeing this army of people marching toward us, coming down that little Florida Avenue to come to the boardwalk. There was one more time just after the strike started where I was more afraid than I was that night when the whole city was on strike. And this mass of people . . . maybe it was four hundred or five hundred people, but it looked like a whole army coming down the street. It looked like everybody was marching on us, coming down that little street. [laughter] And they were mean and violent, really. It was so scary.

Of course, the industry as a whole just couldn't allow this. I mean, there were pictures of these people—it looked like we were under siege—walking up and down the boardwalk and chanting and carrying on and thousands . . . not thousands, but hundreds of people. It didn't even last twenty-four hours. The guys went back to the table and settled with them, but then they came right back to me and said, "What are you going to do?"

We had not given any raises at the Atlantis since we went into Chapter Eleven or since I'd been there. The union wanted increases, and the union probably accounted for maybe not quite a third of the employees, but let's say a third of our staff were culinary-union members. I could not see that it was equitable or according to the things that I had been standing for at the Atlantis to give one-third of the employees a raise and not to give a raise to all the people on staff. I had to hold the line and say that I wasn't going to give a raise to anyone. So that's what I did, and the Friday

night of Labor Day weekend, they struck the Atlantis.

It was in the evening, and they surrounded us and marched and chanted and did all the things you've seen done in strikes. We were in court on Tuesday morning trying to get some restrictions on the strikers so that they couldn't march as close to one another as they were, and they couldn't create the kind of intimidation that they were creating, because they really were virtually blocking the doors in that little pocket down there on Florida Avenue, and nobody could get in. We were so lacking in space anyway to just have cars drive in there, and then if you can imagine these strikers walking around there, marching around singing and yelling at the customers who chose to come in. So it was pretty hectic. A frightening situation, I guess, is the best way I can describe it.

By the middle to the end of the following week, we had gotten some relief about the numbers of people that could be in that little area. We'd gotten a favorable ruling that provided there couldn't be as many people in that area, although they were just as devastating whether there were fifty or twenty-five in there, because it was just a lot of people in that little area. Nobody wants to walk in there. It was just scary. You didn't want to go past that howling mob, you know? And then they could march out in front. We had entrances on the front, onto the boardwalk, and the customers could come in one of those entrances. So they would gang up where those entrances were and just continue their constant chanting that they do so well. You know, they've got big loud voices, and they chant.

On the Friday after Labor Day, they'd been on strike a week, and of course, we had to close down all restaurant operations. We had to really limit the number of rooms that we could sell, because we didn't have non-union people to do the work—to keep the half a dozen restaurants we had open and to do any cleaning of rooms or public areas. They'd all left. So of course, we pressed everyone into service, and I will tell you, those casino people really came through. I mean, they would be there around the clock. They'd be making up

rooms, they would be serving, they would be cooking.

We began to hire people, of course, just trying to get ourselves staffed up so that we could manage to keep a buffet service going. We had a buffet, so we kept that going so people could get something to eat. And we worked on the rooms as best we could to keep as many rooms running as we could.

The following Friday, the trade union leaders went out to construction sites. I'm sure they fed the union workers beer and everything. The union reps got these construction guys, along with all our angry mob, to come and surround the hotel. That was the most scary, scary time. I cannot tell you. This mob surrounded us from Florida Avenue all out to the front and along the boardwalk frontage. And they were so mad and angry, and they were drinking . . . probably had to be five hundred or six hundred of them out there. The police were standing in front of our doors like this with their arms spread and their legs spread, guarding the doors.

I had quit smoking in Thanksgiving of 1986, and so I went down to the lobby, and the city manager had come over. And he's standing there about this far from my face saying, "Mrs. Hood, you've got to do something about this!" [laughter]

And I said, "What do you expect me to do?"

So here comes my secretary. It was so funny. She comes running down from my office with my fake cigarettes, and I had gotten away from smoking by puffing on those and carrying them around with me. I kind of weaned myself even off of that by a year later, but I had several of them. And she'd gone in my desk, she'd gotten a couple of those cigarettes, and she brought them down to the lobby, and she handed them to me in front of Al, the city manager. [laughter] What was his name? He was a black guy and actually a very nice man, but he was just pounding the top of the front desk and telling me I had to do something about this huge angry mob out there.

And I said, "What am I going to do? What do you expect me to do? How can I do anything with these people?" With that, a

brick comes through the window. We were all glass on the front. Well, that scared him. Oh, my God! He was ready to run. [laughter] He wanted to get back in the kitchen out of the line of fire. Oh!

The police finally came in force enough to drive these people away, but that went on for several hours. And if they'd ever forced the issue and had come in, they could have trashed that whole place. I mean, just by the sense of the mob. Many of them, I know, were not people that would probably go out and take places apart like that, but I think they could get into a mob attitude. They're pushed along. I think there's something that makes people do things when they're in a group like that, that they might not otherwise do. Anyway, the police got them away, but it took . . .

Then they got a restriction on them that they couldn't surround a building the way they'd surrounded our building and covered our entrances. So they did restrict them. I've forgotten now exactly what it was, but they took them away from having that many people, and if they were ever going to do anything like this—surrounding or having that many people together anymore—they would have to get a permit from the city to organize something, so the city would have notice to gear up for any of these kind of rallies. They called them rallies that they would organize periodically and march up and down in front of the Atlantis and just literally stop business.

So again, I get back to, "Should I have?" because that was the turning point. Up to that time, we'd been putting away quite a bit of cash, but with this threat around the hotel and what it did to our customers, I can't even begin to tell you. It just absolutely drove them out, a lot worse than it did in Nevada. People were afraid—or whether they were afraid or they were sympathetic to the union in a lot greater numbers than I ever thought possible, because I was dealing with an entirely different type of customer here. Now if anybody talked about who would be union members or union sympathizers, you would think of downtown Las Vegas instantly for that. But it was a lot more prevalent in Atlantic City on the boardwalks there, which was very obvious. So it began to take our revenues to nothing.

We had a *long, cold* winter. We sat there, and oh, it was terrible. I don't know what I should have done. I don't know whether it would have been worse to settle and pay everybody, and would I have kept the employee morale OK? I don't know. Maybe. Maybe I should have done that. I would have been criticized, I think, terribly, by the creditors if I had, because I don't think they understood this. But if they knew that my budget or business plan that I'd presented was not changing by giving everybody a raise in the same proportion that the culinary was getting a raise . . . I don't know. It could have cost us a lot of money.

To me, it was kind of a no-win either way. I don't know that I could have won by giving a raise to everyone. I don't think that I could have given just the culinary and not the other groups there a raise. I think I would have hurt myself. Maybe I could have talked to them. I don't know, but nevertheless, I've got no chance now to change it. I had already made that decision. And I could have, I suppose, changed it as we went along through that dark, cold winter where our business went to hell. I can't tell you that I wasn't tempted at times to call up the union and say, "Help." But I then thought, "Look what I have invested here. I've gone this far. I've already hurt us." Winter's not the best time there, anyway.

What amount would you say your revenue dropped? Twenty percent? Fifty percent? Seventy percent?

Oh, *at least* 30 percent if not more. It was frightening. In fact, the board got so caught up in this that they were as anxious not to settle as I was. So they got as much involved, not in the day-to-day battle, but in just not letting the union have their way because of the way they were acting. It would be terribly disrupting to bring those people back inside and have them work when they'd acted the way they had out there.

I know the people on the inside, the employees that were working all during this time, didn't want them back. They voiced their impressions very loudly in saying, "We're afraid if they come back in here. What's life going to be like if they come and work in

here?" And I agreed with them. I don't know how disruptive it would have been to bring them back in and whether we could have overcome that. I really don't know.

See, at the Four Queens, when that strike took place, many of the people that had gone out on strike made an unconditional offer to return to work, which meant that they would come back to work on whatever basis we wanted. They would work in their same department, but they might not get their same position back, and in most cases, they didn't get their same shift back. They lost all their benefits or seniority that they had going in, but they could make an unconditional offer to come back to work. They'd go back to work at the same salary, and they more or less said, "I'm giving up on the union, and I want to go back to work."

Those people trickled in one by one, not in huge numbers, most of them not the real militant ones that were out there shouting and yelling the loudest. If I'd settled with the union in Atlantic City, I would have had, en masse, a bunch of these people coming back in, all at the same time, all with the same anger that they were displaying outside, and I don't know what it would have been like. We could manage the return to work of these people who had stayed out for a while at the Four Queens, but I don't know that we could have managed that at the Atlantis. I think it would have been very difficult.

I could see these guys were a lot more violent than the people at the Four Queens. After the Four Queens fight, I thought *that* was violent, but after I had a taste of what went on at Atlantic City, that was just play-time downtown in Las Vegas, the way they acted, really. It was not at all the same story.

So that hurt our cash position. It began to erode our cash. You know, now we're beginning to not be a profitable operation, not to have cash flow after operations. Of course, we got criticized. We got both sentiments from our different classes of creditors. Some were in favor of our position, and some were against it. I went before the creditors' committee and both the bondholders and the unsecured creditors and explained the rationale for why I felt I had to do what I did. And as I say, I got mixed reviews. Some people thought it was

stupid, and some people could see the reason and were supportive of the way that it was being handled.

Took us months before we got all our restaurants back operating. We never reopened the Steak House again, but what we did was make it into a coffee shop, and we made the coffee shop downstairs on the ground floor into a full buffet, which we had done at the time the strike started. We set up a buffet downstairs in that restaurant. It was kind of a neat restaurant, because it looked out on the boardwalk, and it was one of the few restaurants in Atlantic City that had a view, and it was a long view. People could sit and watch the people on the boardwalk. We had made it into a nice coffee shop, a multi-purpose. It was open twenty-four hours a day, and it was kind of a popular place to go. We had to make that into total buffet service after the strike started, and so we just left it that way. When we reopened the coffee shop, we put it into where we had our Steak House on the fifth floor—all accessed by escalators, but nevertheless, on the fifth floor.

We had an oriental restaurant up there, and the girl that had managed that room had been very creative. She'd gone around to oriental restaurants in the area and had collected cooks and serving people. She had gotten the first gourmet specialty restaurant in operation at the time the strike began open. The oriental restaurant was the first one to open. She was very creative . . . great gal. She had a work ethic that wouldn't quit. That lady would work around the clock, and she could manage that kitchen as well as all those orientals out there in the kitchen and all her servers. So that was nice. You found these little gems in your operation and found out how valuable they are. We got the gourmet room open finally. We got that going, and we made the Steak House into a coffee shop. So we got our restaurant service back by hiring outside people, finally staffing up enough, because you could get them open if you had a promise of being able to collect enough waiters or servers and bus help.

The oriental restaurant was a nice restaurant called the Empress. Remember I told you that when the new bonds were issued on the Atlantis and Hyatt Lake Tahoe that the

Atlantis got some fix-up money, like \$15 million to \$20 million to do renovations for the Atlantis? That restaurant was part of the renovation.

What was the name of the woman who ran the Empress?

I don't remember her name. She was very enterprising. I've had several people like that work for me that have been really *outstanding*, *outstanding* people. And one that I want you to meet—because we'll go to dinner at the Four Queens at Hugo's—is the lady there that runs that room.

Is that Jean Isabel?

Jean Isabel. Do you know her?

No. I just read a little article about her, about the restaurant.

Yes, and she's very unusual, too, to do that kind of thing. Both of them, I guess, are such a departure from If you think about casino dining rooms as they used to be, you'd always have the feeling that you had to have ten dollars or twenty dollars in your hand to give to the maitre d', the guy at the door. I've always believed that that's a terrible thing, to have people feel that way.

It's what I'd started with Hugo's, and I certainly carried the same thing over, although it was very hard in Atlantic City. These guys are all so *brazen*, it's like their hand is out there like this when you come up to the door. You want to get a seat, and you look beyond them, and the room is empty. So I just wouldn't tolerate that kind of thing. And Jean [at Hugo's], of course, would fit right in, and she was really good. She made a lot of money. I'm not saying that people didn't take care of her, but she would never do anything like that. It's by giving good service that she got taken care of. Just by being an interested person that everybody felt they were getting a fair shake from when they got up to the door. And many people would give her money on the way out. I'd see them hand her money.

That's, to me, showing truly good service, when people, as they're leaving, hand you a tip like that or want to try and take care of it. But both she and the gal at the Atlantis that ran the oriental room, they're out of the same book. They've got that strong feeling of being fair to people, being honest with them, and not trying to have them reach in their pocket to pay them in order to come and sit down.

After you got the buffet open, the oriental restaurant, and the coffee shop, now you're past the first of the year someplace?

Oh, yes. We have our reorganization plan, and it's working its way toward a hearing date in the court. The union now is really putting the pressure on, because they're trying to talk to the judge or anybody else who will listen to them that the plan should not be approved and that they should be considered a creditor of this plan. Because they're representing the employees that have not been given the raise that they were due. So they are taking the leap that that puts them into creditor position and that they should have a voice in the hearings and they should be able to argue about whether the plan is an acceptable plan and whether they would agree with it.

Well, of course, they'd gone to the New Jersey Gaming Commission. They let them speak but said, "We have nothing to do with labor arrangements in the hotels, and we cannot take a position here," and really just told them that they wouldn't pay any attention. So in our license hearings in 1988 and in 1989, they appeared both times at the license hearing as well as asking after the strike began for a special hearing to be put on the agenda for the New Jersey Gaming Commission to hear their story and give them help and support them. The commission, I will say, turned them away at all points and did not take them into consideration. They were very polite with them. I don't mean that they tried to have them thrown out or anything, but they just said that that was not their decision to make, so I thought that was, for what it's worth, a right decision, and I was happy to see it, because I really worried in New Jersey that they might decide to intervene in

some way. But they didn't. At any rate, the union was very active in trying to get the plan derailed, doing everything in the world that they knew how to do.

I think our first hearings took place in February. They got extended and extended until toward the end of March when we finally got the plan approved. We were back in court probably three different times, because the things went so long and we'd have to get another court date set in order for the judge to hear everybody that wanted to be heard and make a decision on this. So it ended up that I had everyone speaking on that last hearing date that we had in the bankruptcy court. The bondholders' representative, the land-lease or landlord representatives, the bank, the unsecured creditors, and whoever else from our creditor classes. There were several of them. All appeared and spoke in favor of the plan. After all this other, the union had really botched it up by making it drag out. That could have happened in one day, but the union had brought in a Who's the guy that does a lot of analytical work for casinos in New Jersey?

Eugene Christiansen?

No, Al.

Oh, Al Glasgow.

The last day of the hearing, the union had lined up this Al Glasgow. He was their expert, and he was there to say that my decision to take the strike versus settling with them was pointing out how much I damaged the organization by doing that, and that had the other decision been made and I'd agreed to the union contract, that our numbers would have been And he had all these numbers. Well, we challenged him as an expert, and I think the judge finally agreed that he was not an expert. Plus, the union was damaged badly, because

He publishes a newsletter called the Atlantic City Action, is that correct?

Yes, something where he does analysis of numbers and other things. Then

representatives of the culinary union appeared, and the judge finally cornered, or got, the representative of the union to admit that Ed Hanley and Vincent Sirabella had made the decision to begin the strike. So the judge said, "I want Mr. Hanley in court."

The representative said, "Well, he won't come to court."

The judge made a date, and she said, "I want him here on this date or another date. I'm willing to talk to you about another date if you can't make it here on that date."

He refused to come, and for the next scheduled date, he sent an affidavit saying, "This is what I did."

The judge was furious. She said, "This is unacceptable, and I will not hear any more of this until Ed Hanley appears in my courtroom," which he will never do. He will never go to a courtroom. He will never testify. He wouldn't have exposed himself to our attorneys.

"Don't put me under oath," eh? [laughter]

Exactly. Never. Well, the senate did the investigation of whether there was mob influence in the culinary union and had the senate investigations, probably ten years ago now. When he testified before the senate committee, he took the Fifth Amendment on almost every question but his name.

So the union gives up their right to testify when Hanley won't appear.

That's right. So anyway, that kind of finished the union's claim. Then when Glasgow tried to qualify himself as an expert, our attorneys took him apart. I've forgotten the theory on which they did that, but they did. They, in a sense, made his testimony a lot less credible by having him testify as to what his background was and what he'd been doing, and they really kind of made a fool of him.

Who was the judge?

Rosemary I don't think it's an unusual name, either, but I can't remember it. Maybe it's something I deliberately threw

out of my file folder in my head, because I don't want to remember.

I don't know. On March 24—I do remember that date—of 1988, the plan was approved with all of our creditor classes standing there in front of the judge and saying, "We want this plan approved, your Honor. Please approve this plan. It's what we want."

So she approved the plan, and that was really a great day. We were at that point in time at the end of March when she gave us the decision, and we were in the midst of our third appearance before the New Jersey Gaming Commission for licensing for our next license period. So we went from the bankruptcy court over to the—I was going to say the courtroom—the hearing room or the place in Lawrenceville where they held the hearings and where the gaming commission officed. Then they had a room kind of like the county commissioner or city commission council chambers, where they sit up on a dais and you either go up to a podium or . . . They really had a witness chair there. It was like you were in a courtroom.

So we went from the bankruptcy court when the judge gave us the decision, and we didn't even have a copy of the decision in our hands. But we went over, and our bankruptcy attorney stood up in the courtroom—David Satz was there, our New Jersey gaming counsel—and told the commission that we had just had our plan approved. So they approved, that day, our re-license. No matter what they did, they weren't listening to the union; no matter how bad the numbers were, they approved us. We'd already been in hearings before them trying to show them how we were going to get through the next year, but they approved us that day. So that was a big day in our lives and a pretty active day. Oh God.

Now you take the money you get from F.I.B. [First Interstate Bank], and you . . . ?

Oh, now we have to get all this documented—the money that's coming from F.I.B., the sale of the Lake Tahoe property to Hyatt to raise that money. So now that we have approval of the plan, now we have to fulfill

all of these things that we've said that we're going to do. We'd already agreed on a price with Hyatt, and then they started to say that they were going to do a huge remodel job, and so they argued with us that taking the asbestos out was going to cost them another \$3 million at the Hyatt Lake Tahoe, and they should reduce the purchase price. So we argued and we finally ended up getting probably \$42 million for it, because they negotiated us down due to the asbestos removal, but we finally got past that, and we finished our deal with them, sold them the Hyatt in August of 1988. We got all of the documentation done.

I told you about the New York bankruptcy attorney that we were working with, and we went in his board room, and it was huge. The table had to be fifteen, twenty feet long, and every space on top of that table was taken up with a document that had to be signed. It was absolutely unbelievable to walk in there. And there's an attorney from Reno who represented F.I.B. at the time. He's lived in Reno forever, and he did all the bank work for F.I.B., and he wears cowboy boots and a Western shirt. He doesn't ever get dressed up. And so he came to this closing meeting in this attire. Oh, my gosh! I wish you could have seen him in this room. It overlooks Central Park. It was a huge office.

And we were looking over Central Park, and he walks into this room, and he looks at this table, and he looks at all the trappings. I mean, it was a beautiful office. I could just see him absolutely be overcome. He'd never been to New York, or maybe once. It was really an experience to watch him, because he's a real kind of a cowboy type. I mean, a very bright lawyer, and he actually became a good friend and helped us through, even with the bank later on when we were at odds with them because of our ratios or our inability to meet the ratios. He was always helpful and always willing and very reasonable. Maybe he shouldn't have been, but he was a very, very nice guy. And he came to that closing, because nobody from the bank came but him.

So we had now finished the Chapter Eleven. It was unbelievable. So now we're free of the Chapter Eleven, but we still have the strike going on, still haven't sold the Atlantis,

and our cash is running out. The conditions under which we were granted a license were based on a lot of extra-special surveillance of us. How many times we had to go over and meet with them and explain how we were doing and explain why we weren't meeting the plan we developed, if we weren't.

So summer came that year, and we had what we thought was a great plan to help our revenues. Slot revenues were where we thought we could make the greatest impact, because we no longer were in a position to really host premium players. We weren't granting betting loans like that. I had to stop that long ago, and we just were not a premium-player house anymore. So really, we thought if we could develop some kind of a slot program, that would help us. Of course, I guess I should have looked at the kind of equipment that we had, but we forged on.

We decided that instead of giving the bus customer cash, like a roll of quarters or two rolls of quarters, what we would do would be to give them tokens that they could play that would be equivalent to or greater than the cash that others were giving. That gave them tokens that could only be used at the Atlantis. And of course, the tokens would go into a separate drop box, so the tokens didn't intermingle with our cash or get processed as payment for cash returned to the customer. You'd have to play the tokens at Atlantis, and you could participate in the win from those tokens. We designed a separate box, we designed the token, and we worked on the numbers as to what we could give away in tokens, rather than in cash, which we felt was walking out of the casino.

We had to take this whole plan all the way from the design of how we were going to put it onto the machine, to how the drop box was going to work, to how it worked through the mechanism so it would trigger the same response as it would if a quarter went in. We had come up with this plan early in 1988. Of course, we had to get approval for this. So we had submitted the plan to the Casino Control Commission I would say no later than early February, and we'd put the token plan in play in July. Well, this is an example of how long it

takes to work your way through the regulatory agency.

We finally got approval for this plan to be implemented, and so in the summer of 1988, we started the token program. It brought *tons* of people, because we were offering more in monetary value of play. The problem was that our equipment was so old by that time that with the added play and the crowds of people waiting to play and the process of trying to keep machines up and running, we just couldn't keep up with it. We could hardly count the money that was in our drop boxes. It was falling all around underneath the slot machines. It was unbelievable. And machines were breaking down, and of course, customers were getting furious with our help, and, in fact, got physical with them, because we just didn't have enough help to stay on top of the machine breakdowns.

Although it did generate a huge amount of play for us, it wasn't that profitable. When we finally got done with it, our numbers were not nearly what we expected them to be. One of the things I honestly believe is that the age of our equipment and our inability to keep all the people playing (who wanted to) all of the time were the problems. The people wanted to play all of the time. We were just missing so much business that was there to be had, but there just wasn't the equipment to use.

So 1981 is when you got the first license for Playboy. And by late 1988, you've had no cash all of that time to reinvest in slot equipment, so you probably have 75 or 80 percent of your original machines on the floor, but they won't function very well, because they're worn out.

That's right.

It was ten times the amount of "coin in" that they would have had in Nevada, anyway, so the life cycle of a machine is shorter in Atlantic City just because of the amount of play. But you've got old, broken-down machines trying to do . . .

What we were trying to do. It was a great idea; it just didn't really give us the bottom-line result that we wanted, which was a shame.

[laughter] I felt badly about it, because we had such high expectations for it. In those first couple of months, we really thought that we were going to be big winners, but it didn't turn out that it helped us. We brought a lot of people into the property, and had we been able to handle it and take care of the business and had the right equipment there, I'm sure it would have been a bonanza for us.

With the old, antiquated equipment and the lack of staff that we really had just because we were at war with the union still, although I don't think they ever got so far as to unionize the slot mechanics. It just wasn't feasible for us to have enough people to keep the equipment going in the way that we needed to to make the program successful, so it was kind of bittersweet. In fact, we had to get special permission from the people that supervised us—the Gaming Control Board or Gaming Control Commission employees that were there—to allow us to not open the casino as early as we would open it, like, on Sunday morning, because we were still trying to get all the coin that was underneath these machines out to get it counted.

I can remember those days, and I just know that we had the right idea, but we had the wrong equipment and the wrong timing for it. It just didn't work, but it was a noble effort to help ourselves. And of course, winter came. We continued the token program, but it didn't produce the kind of results that we had hoped would at least put us in a better cash-flow position. So as we got into 1989, now, we're approaching our licensing hearings again.

Our payment was due to the bondholders at some time during or right after the license hearing time, so they would have been monitoring, and they would have been looking at us and our cash position, knowing that we had to make whatever the interest payment amount was. We did not have a real strong taste to go before the gaming commission that April. I was running all over the world trying to find somebody to buy the Atlantis while we were still operating it. I felt if we had to close down the casino, the value of the property would diminish substantially. So I went to Phil Satre, I went to Steven Wynn saying, "I have the greatest bargain in the world for you."

You know I mentioned West Hall to you? I had an architect, and I had dreamed this plan up. I thought if we could get West Hall The city wasn't using it. They were using it less and less as an exhibit hall. The convention center was old and certainly not state-of-the-art. There was a lot of conversation about building a new convention center, which is now there in Atlantic City, so I thought this might be a good time to try and make a deal with the city. If I could take the West Hall, I could make the lobby area—the area we were using where our registration desk and front desk was—into an entrance, and we'd have escalators that would go up into West Hall. I'd make that part of the casino, because our buildings were right together. They abutted each other, and it would give us 100,000 square feet of almost clear-span building. We would have a casino all on one level. We could even do a restaurant or two on that same level. We could connect it rather easily.

So I took this plan to Steve Wynn, and you know, he certainly listened. He did a pretty in-depth study of it. He took the plans of the Atlantis, and then we sat together and made a plan of how we could connect the buildings, and he had his people do a study of the feasibility of linking the two buildings together: could it be done, and could it be done in a way that would look OK, as best as he could see then, with some colored drawings done, which weren't in any detail.

Then we talked about getting on the front end of that property on Pacific Avenue, how we could make a parking garage where West Hall ended and going The convention center actually owned from our building clear out to Pacific Avenue on that side of the street. Located on that property was the 100,000 square feet of exhibit hall, the parking garage that we were leasing, and out on the street were some office buildings and stuff. Steve's plan was to put a parking garage there. It would have been tight, but it probably could have been done.

So I got some kind of a letter of intent from Steve Wynn. It wasn't firm in any way, no real numbers talked about. So we planned to meet. This was right around our licensing time, and he was going to be in Augusta for the Masters—the golf tournament that takes place in

Augusta. He was going to be down there, and then he was going to come to Atlantic City, meet with me and the city, and begin to talk about the plan. So he came, and it was early April, and we had just begun our license hearings.

First of all, he was supposed to get there at late afternoon, and he kept calling or having people call me and say that he was going to be delayed until finally we ended up having a meeting at ten o'clock at night. And he wanted us to come to his house on the boardwalk. Well, no way were the city people going to go to his house and meet with him there, so we met in the convention hall, some room they opened up especially.

I'll never forget that night. He had his whole entourage, and I guess I had mine, and then the city was there with the people that they had. And I'd gotten them to go that far. They'd given me a letter saying that if it was on terms agreeable to them—well, it was a mean-nothing letter—but it said that they would be willing to enter into discussions to lease or sell West Hall. So it was enough of an inducement, I guess, for him to make the trip. But then he gets up, and before we even begin the meeting, he says, "Now I'd be willing to give you \$60 million for the casino."

I said, "That was not even a number that we'd talked about. We haven't really talked about a number and certainly not that number. I don't understand."

He said, "That's my number."

And so Bruce Levin was there, and he said, "Steve, you sent the lady a contract that said something else."

Steve said, "I don't care what I sent," he said, "That's my number."

Steve Cooper and whoever else was there with me, we went into another room and said, "Well, there's no sense in talking to him. This is nowhere *near* the kind of thing that we expected it to be." So we went back in the room and said, "Hey, it's no deal. If you don't want to talk about any other number, we're not interested, and we do *not* want to go forward." So he got up and walked out. He wasn't serious after all, although he was serious enough to explore the possibility.

He was just a few months away from opening the Mirage then, right?

Yes. He opened it in the fall of 1989, so this was in the spring. And he didn't have it open yet, but he was getting close. He did talk to the chairman of the gaming commission. So the chairman really knew that he had an interest. He'd talked to me about it. He said that he and Steve had had a nice conversation about it. Of course, this was critical to our license hearings, too, which were taking place at the same time, because we were running down and getting dangerously close on cash, eating into reserves that they expected us to have.

The people from Bass Ale—a British company that had ended up buying Holiday Inn—had come to me with an interest in buying the Atlantis. Arthur Goldberg and his whole group—the guy that ended up buying control of Bally's—had come to me. So at the time we were in these hearings before the gaming commission, we were in negotiations with both of these companies. In fact, the Bass people and also the people from Arthur Goldberg and his group were both there in Atlantic City. The Arthur Goldberg group was talking to the city about the leasing or buying of West Hall, and the Bass Ale people were in my conference room doing work on our numbers.

Well, we knew that the control commission there was going to recommend against giving us a license. And they were going to suggest that they put in someone like a receiver—there was another name, but I'll call him a receiver for now—to oversee the operation, and that actually, we would no longer own the casino. That was the implication of the whole thing. Of course we were absolutely devastated by that. That was saying that we weren't good enough to be licensed, and we fought that. We asked the bankruptcy court to intercede for us with the commission, saying that this was interrupting the consummation of the plan, because part of the plan was to sell the casino and the commission was interfering with that plan.

We took our case to the bankruptcy court and got a hearing there on April 14. At

midnight that night, our license was to expire. So we went into bankruptcy court on the morning of the fourteenth, with all these people at the Atlantis working on whether they were going to make us an offer or were going to come up with any kind of plan and whether the bankruptcy judge would interfere with the recommendation of the control commission. The judge ruled against us and said she wouldn't intercede.

We went back to the hearings that afternoon, and the commission said that they were going to install a receiver and that he would be taking charge of us at midnight that night. We went back to the casino and got all hands together, gathered everybody together, and said, "What are we going to do?" One plan was that we were going to close the casino at nine o'clock, or we were going to do all these different things. We didn't know. What a nightmare!

It ended up that Chuck Gerber called Donald Trump, because Trump had made us an offer. He said, "If you don't get licensed, I'll give you \$62 million to \$63 million for the property," and so Chuck called Trump that afternoon. Trump said that he would be very interested and that he would make the deal with us on that basis, and then we got him to agree to take care of everything. Chuck said, "Well, we have these . . . " I've forgotten now what the most pressing obligations were that we felt we couldn't cover ourselves, so we asked for, like, another \$2 million.

So the selling price ended up right around \$65 million to Trump. He agreed to the deal by phone. We had all our attorneys in our office at the Atlantis, and attorneys in Trump's office wherever he officed in New York, working on documents and exchanging letters. We needed a letter of intent so we could consummate the deal prior to midnight when we could no longer make a deal to sell the Atlantis. Going past midnight would have taken the casino sale out of our hands. It would have been subject to the approval of the casino commission. So we exchanged documents back and forth and got everything signed at, like, one minute to twelve o'clock that night.

Now, the trustee never showed up. Joe Nolan was his name. He was an older guy who was an attorney, and he lived up north

somewhere near Trenton. He had done a lot of work like this. He was one of those guys that handled those kind of things. I don't want to say too much, but, you know, the kind of person that does trustee work like that and knows the right people and kind of politics to get that kind of jobs.

I missed this. This is the trustee through the bankruptcy court?

No.

This is the receiver person?

This is the receiver.

So you're saying it is traditional within that structure for people to get reappointed within that same legal community.

Right.

People just kind of recycle.

And he was one of those that got recycled.

And they always end up with at least reasonably lucrative positions.

Exactly.

And their qualification is everything in the system.

Yes, mostly. The investigative arm or board had recommended and the commission had voted to deny us a license and appoint a receiver. That's how the receiver got there. The bankruptcy judge had refused to intervene in the casino commission action against us denying our license, and so there was no alternative. The control board had recommended to the commission that they appoint a trustee and they deny us a license, and that's what took place on that day.

But he didn't show up.

Well, midnight came and went. We're still there. I mean, absolutely *nothing* changed. Absolutely *nothing*! It was the most amazing

experience I have ever been through. I guess that I thought he'd be there with a cast of thousands to take over. I mean, I thought he was going to march in and take on the casino. I didn't know what to expect.

You can't do anything.

I can't do anything.

So you have to close the casino.

No, we kept it open, because they'd given it to him. The commission didn't care whether he showed up. They let me stay there and operate just like I had operated the day before April 14 or any other day for the last four years. It was the most amazing thing. But we no longer had the right to operate the casino. It was no longer ours to sell, but we had made a deal with Donald Trump at one minute to midnight to sell the whole thing to him. So our contention was that it was our right to sell the casino. We had made the deal before our license expired. That was fought about for half a dozen months, about that one minute to twelve when we signed those papers.

The trustee absolutely said that it was not valid. Walter Reid was the chairman and had commissioned Joe Nolan to become the trustee of the Atlantis, to oversee the operation of the Atlantis, to ensure that we always had reserves that were sufficient to meet whatever the right numbers were, that he would make every effort to sell the casino. Now, I called him, and I got his son, who was an attorney and practicing in the same law firm that he was affiliated with, and his son came down to see me the next morning. His dad never showed up. His son came to see me on that Saturday morning or Sunday morning. I believe he didn't come till Sunday. He threatened me with everything in the book: that I had betrayed him and I had lied to him and his dad and the casino control commission, and that he was going to have my head, because I had made the sale.

He said that I had no right to do that. Unfortunately, the timing on the things . . . we were faxing these things back and forth. I don't know, there was a discrepancy on the time. I had a copy that said one minute to midnight on April 14. They claimed they had

documentation that showed that it was five minutes after twelve. Oh! It's like something out of a novel.

So how was it resolved? Was it resolved that you had the right time, and you did have the right to sell?

Finally.

Did you continue to operate up until the time . . . the six months that you said you'd argued about this date? So you continued to operate, you continued to have access to the cash flow and all of that?

Everything. It was business as usual. Absolutely.

So you operated without a license.

Yes. Well, Joe Nolan had the license.

But he'd never paid for licensing. He'd been appointed, but he'd never been called for his own license. So he really wasn't licensed to . . . ?

But they said he was appointed to oversee the casino operation. So apparently, they have the power under some part of the law there to grant him the right to operate.

And he never once came in and did anything?

I think he came to the casino two or three times during the period, until we were closed, from April 14 to when we had to close it on the twenty-first of May.

Oh, OK. So you closed the casino on the twenty-first of May.

Well, we closed the casino because our reserves now dropped below the level that we needed, and so then the commission called a meeting on the sixteenth of May and said that our reserves were now below the minimum level, and the control commission recommended to the commission that the casino be closed. So, of course, Joe Nolan appeared at that hearing and said that he'd

fought with the commission about their closing the casino. He said that wasn't proper and that it was OK, and he thought we should be allowed to continue operating. He and Walter Reid had words about that, and it was really like a three-ring circus. We were running back and forth to Lawrenceville. It wasn't one hundred miles—probably fifty, sixty miles that we had to drive. And there was no way to get there but to drive to this little town. It's south of Trenton, but it's in the northern part of the state, near Princeton. Beautiful country, actually. It's lovely up there, but I don't have lovely memories of all of that. I can tell you, it was really a nightmarish time.

That last day in court, that last day before the commission, was probably one of the absolutely worst days that I can ever remember having, because they stood up there and said that it was obvious from what had happened at the Atlantis that we—meaning the people from Nevada who had been licensed by the state—were unable and did not have the ability to run a casino in New Jersey and that we had failed.

That was May 16?

No, that was April 14.

Oh, April 14.

The day they denied our license, yes. Oh, there's an old transcript on that. I mean, nothing like this had ever happened to me in my whole entire life. And to stand there in front of this board and have them call us incompetent . . .

And you didn't get a day in court.

No!

So, kind of quickly give me just the sequence then. You get to May 16, the notice that your reserves are down. Then May 21, you have to completely close the casino.

On the sixteenth, they ruled that the casino must close within six days. So I rushed back to the Atlantis, and I immediately wrote a letter to every person that was employed or

in any way, shape, or form connected with the casino, advising them that within six days, the casino was to be closed, and that was their notice. Trying to beat the notice. I mean, we could argue all day long that it was through no fault of ours that the casino had to close. It was the state who deemed that we had to close. I cannot tell you how horrified I was. I was charged personally, as well as being president of the Atlantis, with not giving appropriate notice to the casino personnel. They had weeks, and in some cases months, of severance pay coming according to the policy of the hotel. And I fought that for years!

We didn't get a ruling on that until—I think it was last year—that inappropriate notice had been given, and that we were responsible, because the closure of that casino was no fault of the commission. No, no, no! It was a foreseeable event, that I should have foreseen, and I should have given everybody appropriate notice in March or whatever time. They said that I should have told them that by May 16, we would have a notice that we had to close. Well, anyway, the attorneys got me off of being named personally in that action, so it was just against the hotel. But we spent thousands and thousands of dollars fighting that thing.

And the ruling did come down, and I suppose they've appealed it, in our favor, that it was not a foreseeable event and that those employees did not have that money coming. I guess it was a full ruling that we were in the right and in favor of us. I should check on that. Of course, the sad part about that is that nowhere is there money to pay them anything, anyway. [laughter] Isn't this amazing? Nowhere! And it was clear when they were fighting this that there wasn't any money to pay them. So on May 21, we closed the casino.

There was a gal who came up through the ranks at Elsinore. She worked at Hyatt Lake Tahoe for a while and then came down here to Las Vegas when Bob Maxey was president and went over to the parent company offices. Let me put it this way—to become what she did eventually become, the chief financial officer of the company, was an amazing story.

And her name?

Cindy Conners. She had absolutely no formal education in this, but she was one of the few people in the whole world that could master all these things without the educational background. She's like a real diamond in the rough and had the persistence, the brains, and the intellect to do this. I've never met anybody in all of my experience who, without some sort of formal education in this kind of work—both from a legal and an accounting perspective—could get done what this young woman did. And it was simply by her own tenaciousness and desire to do it that she managed to get it done. She had some good teachers, and she got into a situation where she had people that respected her desire to do this, realized that she had the potential and the ability to do it, and really brought her along. But of all the people that constructed the plan of reorganization, she knew every single detail of it and wrote a good deal of it herself. She was pretty amazing.

She ended up being CFO of . . . ?

She ended up being CFO of Elsinore.

Where's she at now?

When we came back from Atlantic City—about a year, I guess it was, after that—Bob Maxey was opening the Rio, and he asked her to come over there and be his chief financial officer of the new Rio operation. That was a publicly traded entity, as well. So she went over there. That did not turn out well for all concerned, and so before a year was out, he was out of there, and the people who were the major principle stockholders—meaning Tony Marnell and Lud Corrao and all that group—wanted to make changes all the way around over there. So they changed most operating department heads and certainly the CFO, director of operations, and people like that. I don't say that these people are unfair, but they just wanted to make a change. And probably, this was the best thing for the Rio, obviously. The end of the story is already, in a certain sense, written about changing the people, changing the direction and the goals that they

wanted to achieve. It made all the difference in the world over there.

At any rate, Cindy, along with others, was asked to leave. She had gotten very close to Steve Cooper and his whole operations. Now Steve, remember, was the financial consultant who worked with us through the reorganization and had a very successful what I will call a kind of boutique service, because he limited himself. He was going to keep his staff under thirty people, and he felt that if he let it get any larger than that he would not be able to give the same service.

He'd come out of one of the big six or eight accounting firms. Which one was it? It wasn't Ernst & Whinney, but it was one of the major accounting firms, and he was in the workout department. I mean, he was a CPA in the workout department. He knew that as that department got too large, that they couldn't give the personalized service, or they didn't know how to do that in these very crisis-like situations and be able to devote the time necessary, get a full understanding of what the operation of the business was, and try to guide the people who were there to make them into better operators. They would try to change where they thought they were going to something that would point out to management where they were losing and try to direct them to the things that were just exactly what we were talking about—the more profitable aspects.

Steve obviously realized Cindy's talents and offered her a job. He never offered that to anybody that didn't live in the East. He wouldn't staff with personnel who lived across the country. Somewhere, certainly, on the West Coast was unbelievable. So he really made a great exception to what he customarily had as a policy when he hired people, but he agreed to do it, and of course, she always rises to the occasion. Cindy would travel in the middle of the night or all night and still come to work the next day and give her everything to it, and that was what she did with Steve. Of course, she's become a very important person in his firm today, and she's been with him now since 1991. I think it was 1991. And that's how she left us, went to the Rio, and then went to work for Steve.

And where did she start again? About what time?

She started in probably 1982 or 1983 working as a cashier or maybe cage manager at Hyatt Lake Tahoe. Neil Brooks, who was the controller or chief financial officer of Hyatt Lake Tahoe, saw her potential and then made her into a very important assistant-type to him, and she was quite young then. I'm trying to think. Bob had known her before she went to work at Tahoe. How did he know her? He hadn't gotten her the job or anything at Tahoe. I don't really know how she got to work at Tahoe, but she had worked for Valley Bank prior to going to work at Hyatt Lake Tahoe.

Bob was very good friends with the guy who was the bank manager there in Las Vegas and a pretty important guy in the bank—Richard Etter. He ended up just now leaving the bank. Even after the merger with Bank of America, he stayed on for several years and is a very well-known fellow in Las Vegas circles, anyway, in banking and generally in the community, because he's been very active.

Anyway, she had worked for Valley Bank, and then I don't know exactly how she got to Tahoe, but she did. It was either a change of venue for her husband, or the bank had asked her to go up there, and then she did. And her husband also was with (I think) the same bank.

We're just trying to complete a background of how she went from Hyatt Lake Tahoe . . .

To becoming an assistant to the then chief financial officer of Elsinore. When Bob left the company, Cindy was over there in Elsinore. She was just at Elsinore, period. So first of all, I closed that office down immediately in the Valley Bank building where they had separate offices, and I brought Cindy and the couple of people that were working with her into the Four Queens and set her up with an office there.

I guess at that point, there was a controller of the Four Queens. I guess that's what I'll call him, because he wasn't a chief financial officer, but he was responsible for all of the accounting done at the Four Queens and the internal controls and all of that. This happened almost simultaneously, because I closed the corporate

office in the Valley Bank building and brought Cindy and the people and all the records over into the Four Queens.

Then I realized that I was going to need help in interfacing with the Atlantis people. I needed somebody I knew. Like I did with Dick LeVasseur, like I did with Ed Fasulo, like I did with Paul Hayes, I asked Cindy to come back there. She ended up in a very short time agreeing to give me as much time as I needed by staying there, but we never made her an employee of the Atlantis. We left her as an employee of Elsinore. She was always there helping me, and so we escaped, believe it or not, the licensing requirements for her. She was acting as a consultant to the company and interfaced with Steve and the people that he brought down there to begin the process of restructuring the company.

That was how it all began, and she was there from the very beginning and very helpful, and as I say, probably knew more about the plan of reorganization than any of the attorneys working on it. And I'm talking about the whole structure of it versus one group knowing a particular aspect of it and another group knowing another aspect of it. But Steve Cooper's fellows and Cindy were the guys that really knew how it was all going to interface.

The other day I was trying to work through the numbers, if you recall. One of the reasons that the unofficial bondholder's committee agreed to the reorganization plan was because we gave them \$20 million or \$25 million first. That brought the debt down, and then we agreed to pay all of the unpaid interest either in cash or in stock, whichever, and then we reissued new bonds for the remaining debt—I think it was \$70 million. I think we paid it down \$20 million, so the bondholders got their \$20 million right away, plus they got paid a lot of interest and certainly got paid a lot of interest in cash when we actually consummated the plan of reorganization before we sold to Trump. So they'd already gotten a lot of cash out of our organization.

These arrangements are really complicated, and it sounds to me like everybody's thought is over how to make a deal with a particular group. So when you're working with the

bondholders, you're promising the bondholders what you think you can do, and then you've got the unsecured creditors and the landowner. We're looking at all these pieces. Somebody has to tie all of it back and say, "We can meet these obligations." But I kind of have a feeling that nobody really does that, that they're working on all the restructuring of the payments, but the idea of how they're going to get to that and be able enough to really meet that requirement, that that's not as well

In the end, the only real payment that would have been ongoing, except in the event of the sale of the property, was our obligation to the bondholders. The rest of the creditors had to take a piece of the future sale to get them out.

You felt comfortable that the property could generate enough to make the interest payments?

No, but we had to go on with this. We had to get out.

Well, that's what I'm saying. It seems to me that you had to keep moving so many steps, but it wasn't necessarily clear or even possible that

No, because my vision was that before I had to get to whether I could actually deal with the interest payments on \$70 million to the bondholders, I was going to get that property sold. Somehow or other, I was going to get out of that, because I felt that we could offer it at such a bargain price by that time to take care of the obligations that we had, that we could do it. And we brought the debt on that property down enough that we'd be positioned so that we could sell it to someone.

That's when I went to Steve Wynn and went to Phil Satre and people like that, and I said, "Wouldn't Holiday like to be represented on the boardwalk? Wouldn't they like a place

on the boardwalk?" That was my pitch, anyway, and he thought about it and took it home with him. Maybe he was just being polite, but he did. And he called me several times with questions and things, but in the end, they didn't want to take it on. It probably was, again, the inherent problems with the property together with not thinking that they could change it enough to make a difference, even though I don't know that I had the plan well enough put together when I was talking to Phil to describe to him the plan of acquiring West Hall and how we could break through and bring that into the Atlantis and have a single-floor casino.

When you say you worked on a plan, do you mean that you developed a full, written plan with architectural drawings and all of that as part of the packaging you presented?

No, because I had trouble just getting the board to let me do a modest rendering and talk to an architect enough to get some of his thoughts about the feasibility of connecting the buildings. How could we do that, and would the cost of that be so horrendous? I guess I had a few thousand dollars to spend, because we were already feeling very, very restricted with cash. So there wasn't the money there to do a full-blown plan.

When I did talk to Steve Wynn about it, he had his own professionals, his architect and several of his construction people, looking at the thing, and he did really quite a bit of work on it. I got him full sets of plans of the Atlantis so they could look at it and really make a study of how they might connect the buildings. Anyway, I wanted to be sure and fill in this part about Cindy and her involvement.

Yes, it's important, particularly if she really was a key person in the Chapter Eleven plan and all of that.

Absolutely.

BACK IN LAS VEGAS

You talked once about coming back to Las Vegas on Thanksgiving. Were you able to maintain any kind of a private life, any semblance of being a human being?

Absolutely not. Lived in the hotel, ate, drank, breathed, slept that property. I told you about the strike in Las Vegas, and many of the things I could laugh about. I mean, when they made me as a symbol—a witch symbol—and buried me and did all of that, I could live with that. In Atlantic City, I always felt it was sabotage. Little fires would start in the building in places where there were flammable things. I got so I could hardly sleep at night worrying about what the people might do on the outside or how they could get inside to get to areas that would be sensitive. I just felt they had evil enough thoughts and evil intent that they would do serious damage to the building or maybe try to burn it down. I don't know, and maybe that's just wild imagination, but with these little fires starting and several things that happened, it seemed to be set, not accidental. So needless to say, it was with me every waking minute, and I think even as I slept, because I worried so. I worried about the risk we were at, not only financially but with people's lives, at that point.

I don't know where your daughters lived at this point, but in Las Vegas you had a social level. You had been made a head of a society there. You've got friends where you lived. You lived there on purpose because there were other couples that you'd seen. You had your family, you had a life! When you went to Atlantic City, it must have been . . .

There was no social life whatsoever except the people that were working at the project. We became, I suppose, a real family. Ed and Denise Fasulo and Jennifer, who just is going to be seventeen, was a six year old when we went to Atlantic City.

That's their daughter.

Yes, their daughter. Dick and Liz LeVasseur—as he eventually married Liz—they came and we all lived in the hotel. Cindy's husband stayed in Las Vegas, managed his banks. After Valley Bank was sold to Bank of America, he then became a Bank of America branch manager, and that's what he did. She said, "He's terribly unhappy about this," or disappointed when she was supposed to be home for something, and he was upset. But they kept their marriage together some way

or another. He rarely came to Atlantic City. I can think of only one occasion that he ever came to Atlantic City.

In my case, my kids came—different ones at different times, but they all came. Joyce, my youngest, was going to the University of Nevada, Las Vegas (UNLV) when I went to Atlantic City, and she was in her first year. So she came to Atlantic City in the summer after her first year in school and worked on the beach as one of the beach girls. We had our own spot on the beach that belonged to the Atlantis, and we built a little enclosure out there that was temporary—something out there where you could have an inventory of towels and maybe some deck chairs and things like that that our hotel guests could use. We had to have attendants in the area, so the girls would take the beach towels or do whatever our guests wanted out on the beach. So she worked out there along with three or four other young women that were eighteen, nineteen years old. I think she was seventeen that summer. But anyway, she worked there, and then she went back to UNLV the next year.

The following year she went to Villanova. Not that she had any right to be there, but I'd gotten to know the dean of the business school at Villanova, and so we talked to him through people that I'd gotten to know at the Atlantis. She really didn't have the grades, I don't think, to go there, but she wanted to, and it was nice for me to have her, and we were going to live together. At least I'd have somebody there, so I thought, "Oh, well this is fun."

She lived in the dorm, and she got into the school, and she went there for one year, and it was a terrible experience for her. Everybody had formed their own groups, and she felt she was a social outcast. I think after she got there and didn't have her same group of friends around her, it didn't work, but at least she completed that year there. I worried about her, probably because it was an unhappy experience for her. She would have been better off staying in the pond that she knew, whatever size fish she was in that pond, than to come and try to work her way into a whole different environment, school, and people. She didn't know. It was fun to have her there, and I loved it, but I think I did her a disservice. I think that whole year was lost. She got very

little out of it, very few credits that were transferrable, and it did nothing. It was like a year of waste in terms of her education. Well, maybe not in human experience but in her education.

I would just think that it was a very one-dimensional life for you. That's not much of a life, living in a hotel in crisis all the time, worried, feeling physically threatened. It must have been a really difficult way to live.

It was, but I was so consumed with it that going home didn't mean that much to me, because I was so worried. I was so consumed with getting this done that I don't think I truly enjoyed the few minutes or times that I would break away and go home.

So it was very difficult for you to fly home, but when you got to Las Vegas, it would be an eight-hour flight, and you tried to stay on East Coast time when you were there. How often did you try to get home?

If I made it home once a month, that would be probably more than I really did.

You'd come home for a couple of days or so?

Yes, two or three days.

And while you were here, did you also stop in at the Four Queens and try to do business at the Four Queens, too?

Well, that was it. Then I was torn about how much time to spend with my kids and see anyone that I knew, or I was at least getting caught up with how things were at the Four Queens. So you see? I think during that time, I tried to tell myself, and convince everybody else, that I still knew what was going on at the Four Queens, that I still was on top of it, that I could understand where they were going.

As time went on, though, you must have been more and more aware that you weren't really in contact with them.

Yes, that is true, but it's kind of like being in a river, with the currents carrying you down

the river, and there's no turning back. So you've got to make the best of what you have to save your life, because if this realization process had set in at all, how could I stop?

As you say, you get so busy, you can't stop to take care of what probably are the most important things. You continue on down the river, and there was no chance to do some thinking for the future and planning. What does the landscape look like, what was really happening there? Both politically and in the business itself, what was really happening? And I lost touch with that. There wasn't time to think about that. And should there have been? Yes, of course, there should have been, but there's no changing it now. It's what happened. And so I had to just let the current take me where it was taking me, and I didn't seem to be able to get off on either side of it.

So, it's May 21, 1989. Talk about the process of closing the Atlantis and how long it took and what you did. At the end, you packed your bags and came back to Las Vegas, I assume.

Yes. What we had to do was first of all just go through the physical closing of the casino, arranging a time which was acceptable to the casino control commission so that they could have their staff there to oversee this and be on hand for the actual closing. There was a process that we put in place to count down and seal all the machines and count down all the tables and account for all of the currency and the chips that were in all the cages and all the places that we had any inventory of cash, because everything was left intact until you finished business on that day of May 21. So then that all had to be pulled into one place and counted.

With gaming control looking over your shoulder, watching you count it down?

Yes. Absolutely.

Everything has to balance.

Yes, yes. Physically, we had to decide to keep certain people around to accomplish all

this countdown and the actual putting away or securing of the tables and the slot machines and the offices—just virtually closing that whole area.

It must have been terribly sad and depressing for all the employees.

Oh, it was awful, awful. I cannot tell you how sad it was. I cannot even begin to tell you. I had trouble after the first few weeks to even walk on those floors. It was just so desolate to me.

Just empty tables and slot machines. No lights.

Nothing. No lights—the lights were out. Not a soul on the floor. Oh, it was *terrible*. It was terrible. There was my failure sitting in front of me. You know, that's the way I looked at it. I shouldn't have, but I did.

How long did it take you to . . . ?

Well, it took us probably two or three weeks to get everything moved out and secured somewhere else and to decide what we were going to do with everything, because we had to set up a place. Cindy Connors was with me through all of this, probably the one that was really closest to this at the time we closed all of this, because I sent Dick and Ed right back. When it was done, it was done, and I got them out of there, and I just stayed there with Cindy.

And they came back and went back to work at the Four Queens?

Let's see, that was May 21. I think we were beginning to see a leveling of the revenues at the Four Queens by that time. I think we were beginning to see not this kind of meteoric rise like we'd experienced from 1985 through 1988. By the second quarter of 1989, you could see a definite flattening of that line. It was no longer going up.

In particular, what you're saying is that the gross revenues on a quarterly basis in Las Vegas and at the Four Queens had grown every quarter over the previous year, but 1989 was kind of a watershed year, because it's also the

year that the Mirage and Excalibur opened. And downtown took the first real hit.

Right. But what I'm trying to say is that even before that happened—whether it was the obsolescence, the perception people had of downtown, or a combination of all those things—it had begun to set in. Maybe if I'd been there, I would have sensed it even before that, but the best I can tell you is when you are reading numbers from afar, you can see this.

This is through the obsolescence of the machines, that nobody had updated their product line.

That's right. We were all just living in the same era where you opened your doors, and you just were there. We had lived through a period where we put in some marketing programs and had done some things. That was the 1980s, because in 1981 when the last hotel on Fremont Street opened—it was the Sundance, which later became Fitzgerald's—we laughed at those guys, because here, they thought they could just open their doors like we had ten years earlier and business would just fall in the front door. Well, those days were gone, and here we were in the early 1980s having to put in, as I told you, marketing and having to think about how we were going to attract people and bring them downtown, but we'd done a fair job with that. But in the meantime, I think I was the last real No, the Golden Nugget did something.

The last part of the decade, they built the suite tower.

In 1986, Steve Wynn built the suite tower. No, 1985.

Yes, and he did the suite tower mainly out of cash flow out of Atlantic City, so he upgraded his Las Vegas property beyond what the cash out of that property would have let him do.

Yes.

So with his competitors, none of them were publicly held at the time, and they didn't reinvest for the rest of the property.

No, nobody did.

And even by the end of the decade, the Four Queens wasn't reinvested. You had in the early part, but you didn't

Yes, in 1981, that was the last thing we really did of any significance. We did upgrade some rooms and things like that, but we were not building towers. Now in the 1980s, if you recall, Steve Wynn realized that in addition to the suite tower he needed standard hotel rooms, and a lot of them. That is when he built 1,400 hotel rooms. He owned land on both the north and south sides of Carson Avenue where he had decided to locate new improvements. The improvements included a swimming pool and large pool area plus a new coffee shop and the 1,400 hotel rooms. An owner of land on both sides of a street may petition the City of Las Vegas to vacate the city street located between the parcels of land, which is exactly what Steve Wynn did, and he was able to win approval.

That's when he realized it was a mistake. He realized it took more than just a suite tower to do it.

That's right, and he built the 1,400 hotel rooms.

He's going to have to have a broader product. And he was trying to build a Strip property downtown.

After, he realized that wasn't going to work. The Golden Nugget in Atlantic City became a huge success, but he was already expanding downtown.

It's the timing, a little bit. He might not have expanded the Golden Nugget

Yes, right.

But in the end, it ended up being the right balance anyway.

Right.

But no one else had done that, and they certainly weren't upgrading their hotel rooms or doing anything.

He was the only guy making any investment downtown in the late 1980s, nobody else.

So then your two guys came back to try and help the Four Queens.

That's right. I guess I should tell you that we were all absolutely devastated by the denial of our license and by being, what we felt to be, publicly chastised the way we were. Although it wasn't said in exactly those words, they were saying we were incompetent, without the business sense to conduct business in that great state of New Jersey. You can imagine how we felt about it. And what went on afterwards and the properties that bailed after we did Because we were the first, it became even more bitter to us, because we looked back and we saw where we'd been and how they were then treating the next people that filed and the next people that filed. I think we were all very bitter about it and absolutely devastated. Dick and Ed would have walked. After that denial, I think they would have walked back to Las Vegas just to get out of Atlantic City.

Did they come back with any of the same motivations? It's an interesting thing about team building. Like you've said before, the strike in 1985 was great for the morale and the team building and that under adversity, if you win, you build a great team. Under adversity, with the conditions that you came back with, I can imagine that they would come back with no motivation. So it would have taken them months to get back into getting enthusiastic about the Four Queens, if anybody could ever get their enthusiasm back.

Well, I know.

At that point, everybody would have been able to leave, go to a new business, and start over different.

Looking at it now, I think they were so grateful to be away from Atlantic City, to be back in home territory where at least they felt they could manage and have some control over their future or their destiny. They thought they could. It turned out it didn't end that way, but at that moment, we felt we could, and even though there was this flattening of revenues, that was far from the end of the world, we thought. There were things we could do about it, and we did try a lot of new things when we came back.

How long was it before you came back?

Well, Cindy and I stayed, and we got the casino closed down. But we had to stay on, because as I told you, at one minute to midnight, we'd made our arrangements with Mr. Trump to sell him the property. So now the casino control commission raised the issue about Trump buying our property and then having a concentration of control of casino properties or hotel rooms in Atlantic City—being a monopoly. So we had to spend—I can't even tell you—six weeks, two months, maybe longer for the casino control commission to chew that up, go do all kinds of research, look at whatever, hold endless hearings with me, Trump, and everybody to decide if this was going to give Trump a concentration that didn't meet whatever their rules were. So we had to get past that hurdle. Trump was willing to close immediately. I mean, he didn't have any problem. It was, at least I believed, a very simple transaction, but it dragged on. We made the deal with him on April fourteenth, so we'd already begun this process.

One minute to midnight? [laughter]

At one minute to midnight.

Not one minute after, one minute to midnight?

It had to be done before midnight. [laughter] Joe Nolan, the conservator, was standing there in front of the commission saying, "These people lied to you. They made this deal after I was supposed to be in charge of what they had to sell," and that we'd signed over all our rights to that whole property to them, and that they had the right to do whatever with it, and that he [Joe Nolan] was going to find buyers that would give far more. We just made weekly trips or more often than that to Lawrenceville to get in another one of these harangues with the commission. I was almost sick. It was such a demeaning kind of an experience to go through where they told you publicly that you were incompetent, that you couldn't run anything, and yet looked at you to give them the answers to everything and continue operating the property on no cash, on nothing.

Now, all that is operating is the hotel?

Only a hotel. Who owns the food and beverage? It was unbelievable. So Cindy stayed with me, and we made these long and troublesome trips and kept talking to all of the casino control commission guys and the commission guys and all their attorneys and the people that they had, and they had a cast of several thousand to turn their attention to whether the property should go to Trump. [laughter] Looking back on it, I guess, for his temperament and all, he was pretty patient and he kind of left us alone. I expected that we'd be sued for something, you know, but that did not happen. We actually concluded the sale to him, if I'm not mistaken, in August of 1989, so it took from April to August for us to get all the approvals we needed, all the documentation, to sell the property to him. I think the actual sale took place in mid-August.

I probably was not operating with all of my thought processes in place at that point. After April 14, it was like I shut down a little bit. I went through the gestures, the motions of going through all of this stuff, but I really had kind of . . . I'm sure I got better as summer went on, but I was just kind of in a state of shock. Oh, what did Steve used to call it—where you're conscious and yet you're not

conscious, kind of walking around. But I'm glad I don't have to go through that again.

When did you go back to Las Vegas?

I actually moved back, I would say, in the fall of 1989. I can't tell you when I moved everything, but I think it was around in September. Oh! Then we had to go to bankruptcy court. That was another thing we had to prepare for and, again, fight Joe Nolan and everyone else in the bankruptcy court about selling the property to Trump, to get approval from the bankruptcy judge for the sale. Then we had all of the closing costs. All the professionals had to be taken care of, and how are we going to do that? We had endless hearings about that with the casino control commission and in the bankruptcy court.

It wasn't until, I believe, October that we finally were able to disperse the money that we got from the Trump sale to all the people. We had to get everything in place, we had to then go to hearings about it both before the casino control commission and the bankruptcy court. But we finally got that all done, and if I'm not mistaken, it was, like, mid-October of 1989 when we paid everyone off finally and got the final documents signed and everything done.

At some point, people in Atlantic City and my own kids and others helped me pack up everything I had of myself personally there and the office and take all the things back to the Four Queens and actually physically move off the sixth floor, which had been home for all those years. So I had to kind of manage that process. Cindy and I actually did that.

During the crisis, you lived in the hotel. Did you have a house, an apartment, something in Atlantic City for you?

No.

You just always lived in the hotel. So you lived in a hotel since 1985?

Yes.

Not an easy prospect.

No.

You got back in the fall.

Fall of 1989, and I'm sure it was fall.

Did you take some time off before you did anything?

No, I don't think so. I'm not remembering that I really did anything. Let me back up a little bit and tell you another thing that did happen to me personally, which was kind of an earthshaking event, and one that changed my living arrangements definitely. I was in the midst of all this stuff in 1988. It was, like, in May or June of 1988, and we had gotten the plan approved, and we were working on consummating the plan. If you remember, it took us about six months, because around September 30, we had the confirmation by the court, and then it took us six months to get all the documentation done and everything. I told you about going to New York and signing all the documents, and I think it was the last day of September that that happened.

I think this personal incident happened in May, if I'm not mistaken. I was sitting in the conference room and meeting at the Atlantis on the sixth floor, and Laura said, "Patty's calling." So I got on the phone, and I took the call. It sounded like she was laughing. I said, "Patty, I'm in a meeting!" Well, she was crying hysterically. I've never heard her act that way, and she doesn't act like that. "Patty, what are you doing?"

She said, "Mom! Mom! I'm sitting in the VanBuskirk's kitchen watching our house burn down. Mom! Mom! Come home!"

I was like, "Oh, my God!" A fire had taken place at our house. So of course, I broke away, and I went right home, that day or whenever I could get on a plane. Now, Patty and Joyce were living at home. Jennifer had, by this time, married the man I talked of earlier, so she was gone. I came back and met with the fire people immediately, and they felt the fire had been started on the roof by something happening to our air conditioning equipment. I had big air conditioning units up on top of the roof, and then there was some of the equipment in

that area between the ceiling and the roof. I know that once or twice after Dave died, because he was real good about stuff like this We had a shake roof which needed to be treated, especially in dry places like Las Vegas, so that the shingles don't dry out. Well, I hadn't attended to that kind of thing, so the fire department said when the fire started, it was just like it ignited those shingles.

It just went all over the house. So there was damage in every single room. Oh, I can't even tell you what it was like. It was awful. It was awful, because it had gone right from where those air conditioning units sat. We had two groups of air conditioning units in the house, and where the ones sat where the fire actually led, it just almost virtually destroyed that room, which was the family room, and then went on through the rest of the house, so every room had water and fire damage. So I ended up making the decision—and the insurance adjusters agreed with me—to not try to rebuild that house. It just wasn't going to work. It would cost us more to try and do that than to just take the whole thing down. So I took the house down. I found a house to rent in Green Valley for Patty and Joyce so they could have a place to live.

So you rented a house for the girls to live in.

Yes, in Green Valley. And I had the house in Sierra Vista, which is the area I was living in and where we had lived since we moved to Las Vegas in 1973, torn down.

And this is, again, in what month?

In May of 1988. So I had the girls, then, in a rented house. When I came home for a visit, I then came home and stayed at the Four Queens. The girls had a little house and a great big dog, and that was not my idea of coming home to do anything, to be in that little tiny house with this huge dog. Patty, I guess, had this thing about getting a Rottweiler, and I didn't know about it until I came home on a visit in wintertime before the fire, which was the winter of 1987, 1988. I came home for a visit, and I came in, and there was this huge

dog there to greet me. [laughter] I said, "What are you doing?"

"Mom, we *need* this dog!"

"But he stays outside. He doesn't come in."

"Mother, he is not an in-house dog."

The very first night I go to bed, in the middle of the night, I hear this, "[panting]"

And this dog is licking my face. This dog that doesn't ever come inside. [laughter]

So you stayed at the Four Queens.

So I stayed at the Four Queens.

You didn't want to stay with the Rottweiler.

I didn't want to stay with Sam the Rottweiler in this little house, now much smaller, just a little track house. And there was nothing the matter with that, but it was quite a different place than the house we had in Sierra Vista. At least there I could get off to my bedroom, and if I closed the door, I didn't have Sam in there with me, and I had a nice room. [laughter] So it was a whole different story, so I stayed at the Four Queens when I came back.

Now, when I got back from Atlantic City, I still went back to the Four Queens, and the girls were in the house, but the guy who owned the house, the landlord, decided that he wanted to repossess his house. He, for some reason, had a change in the way he was living, and he wanted to come back in his house, so the girls had to leave the house. Well, where was I going to have them stay? I looked through rentals; I tried to do everything. I ended up storing most everything that they had in that little house and had them move into the hotel next to me in a couple of rooms, and there we were all stuffed together.

Well, you know, the most important thing in my life when I got back in October was to find a house. I mean, I had to find a place. We couldn't stay at the Four Queens, all of us in these little tiny quarters and trying to conduct our lives in any kind of normal way. Oh, it was awful. So when I got back, that was my real effort aside from . . . you know, I'm just never going to leave the Four Queens alone,

but I was out house-hunting and trying to find a place.

I still owned the land in Sierra Vista, and I was friends with an architect, and I'd talked to him about my dream house. I'd wanted to have this kind of "U"-shaped house that would be around a beautiful pool, patio, and planted area. I had enough property. I had about an acre out there, and I really could have done a nice house out there. So he had prepared some drawings for me—just plot plan drawings, no serious plans of any kind, but just where things could be in the kind of layout that I envisioned. But with all that faced me coming back and the girls not having a home where they could stay and me living in the hotel room, which I, by then, absolutely detested, I looked at a lot of rentals. Nothing seemed to be what I wanted or what was suitable for us. Oh, and we had Sam the Rottweiler in a kennel, and that had Patty fussing about him all the time. [laughter] Oh, dear!

At any rate, I guess it was either in November or December, I had seen some models of houses in Canyon Gate, which is a golf-course community in the west side of Las Vegas toward Red Rock Mountain on West Sahara. In the homes they were building, I found a house that I thought might be OK for us, at least until I decided what I was going to do about the land in Sierra Vista. I thought that I'd buy this house. We could move in here and then decide from there where we were going, but at least it would get us settled and out of the Four Queens. So at the beginning of 1990 or late 1989, I bought the house in Canyon Gate. It was completed. Nobody had ever lived in it, and the guy who became my next door neighbor owned it, too, so he sold it to me. I didn't know him at the time, but I bought it from him, and then we became friends after I moved into the house. So we got everybody moved into the house in Canyon Gate in early 1990.

And this is now the first time in five years that you're back living in a house, and you have a semblance of a family life again. Your daughters are there, and Sam the Rottweiler gets to come home.

To go home. [laughter]

[laughter] So that's kind of the end of your Atlantic City stories. Finally, five years later, you're back to what you left in terms of . . .

In my house, that's right.

Your personal life was probably close to where . . .

Where it was when I left in 1985, yes.

You were going to tell the story about Jennifer coming to live with you.

Yes. This goes, now, back to right after Dave died. Jennifer had just had our first grandchild, a girl named Leigha. She was born in February of 1976, so when Dave died in 1977, she was just a year old. Jennifer and her husband then, Larry, were living in Oxnard, California, in a little house that they had bought and they were fixing up in an older part of Oxnard. It was really quite nice, and we loved to go over there and visit with them, and they seemed to be getting along well and relatively happy from the kind of life that they had when they were first married. It was kind of a nomad life. They really didn't have a good place to live, but they lived in some little shack on the beach, but now they had, I thought, a nice home that they were working together to fix up. They had the baby and seemed to be very happy. Well, isn't this just the perfect picture, you know?

At any rate, when Dave died, Jennifer and Larry said, "You can't handle the girls. I mean, they're alone. What are you going to do?" So they decided that they were going to move to Las Vegas. They put their house up for sale, they sold it right away, and they moved to Las Vegas within, like, two months after Dave died. So they came and stayed with me in our house there in Sierra Vista, and then they found a house that they bought, which was probably a mile or two from where I was living. So they settled into their house.

I don't know how much I told you about Jennifer and Larry, but Jennifer was my most rebellious and had tried about everything in

the world, I think. You know, every kind of drink, every kind of guy, every kind of drug known to man. I'm exaggerating, but she was that kind of a person. She was, and so was he. So fortunately, they were young enough. Their kids really are great kids, and it didn't damage them, and Jennifer quit this soon enough that it really hadn't hurt her. I don't know what's ever happened to Larry.

But to continue on with the story, he had no education except high school, and his brother owned his own locksmith business in Ventura, California, which is right near Oxnard, and that's why they bought the house in Oxnard, because Larry was working for his brother. He was making a fair living. I mean, his brother owned the business; it was successful. He covered several counties, and he was doing pretty well. So he left that job and what I thought was a good beginning for them and came to Las Vegas. Now he didn't have a job but had the money from the house they'd sold, so they bought their home here and then, with my help, got it put together. I mean, I helped financially, as well.

I didn't know what to have him do. There are locksmiths in Las Vegas, so I suggested that. But at any rate, he got a thing in his head that he would make a good slot mechanic, because he was mechanical, had a mechanical sense, and kind of knew and understood those sort of things. And couldn't he get a job at the Four Queens? I didn't want him to work at the Four Queens, because I've been through that movie before and had my kids work for me in the Hyatt Lodges, and I knew that it didn't work very well.

My good friend, Joe Amoroso was counseling me, because remember, this is the first few months after Dave had died. "Oh, give him a job at the Four Queens, Jeanne. What difference does it make? You're not going to have a bad experience. I can assure you of that. Give him a job at the Four Queens."

So against my better judgement, I let him go to work. I took him into the slot department, and I said, "If you can, make him an apprentice first and have him join the union, then absorb him into the department when he's ready just like you do with any other apprentice."

My life was absolute misery for months after that, because all I would get would be Larry coming over to the house telling me about all the rumors, the gossip mill, the horrible things that went on on the slot floor. I couldn't stand it, because I didn't know what to believe and what to not believe. It was very hard for me. I didn't want to get mixed up in it. I didn't want to hear it from an employee like that, because you don't manage well when you hear those kind of things. You don't hear both sides of the story. You don't know what's really going on, and you can't make any judgements, except you drive yourself crazy by hearing little bits and pieces. Well, things began to wear thin between those two, as well.

"Those two" being Larry and Jennifer?

Larry and Jennifer. And I had done absolutely the wrong thing to allow him to go to work in the casino business at all. Not that he became a gambler. He didn't. But what he did was begin to associate with people that were from that lifestyle that they had left or somehow were beginning to leave—Larry did by working as a slot mechanic in a casino. The people that you work with become your friends, and he got right back into it, at least according to Jennifer. Now, Jennifer was completely away from all of that, and she had Leigha, and she didn't want any part of it, and she was really thinking about herself and what kind of a mother she should be. That lifestyle was not part of her life anymore, so this caused a real rift, because Larry was beginning to drift back into the old . . .

Routine, the old being sort of drugs and alcohol.

Yes.

Staying out all night.

Yes, and wondering why Jennifer didn't want to come and play with him. And that's causing a problem at home. It just wore awfully thin. So now we get into 1978, and Jennifer's pregnant again, and she has another baby girl in April of 1978. They're hardly speaking by now. Their life at home is

absolutely terrible. She gained a lot of weight, because she just ate herself to death. She didn't do terrible things, and she didn't smoke or drink and do all of that, but she was into eating. So she gained a lot of weight, and, of course, Larry was critical of that. He was out with his friends, and it got to be an absolutely intolerable situation. I worried about her, because she'd hardly speak to us, she'd hardly speak to him. She just kind of reverted. She'd care for the children. She took good care of the children, but she was kind of like a zombie, comatose.

And she's only twenty-four at the time.

Yes.

She's a pretty, young girl.

Yes. I guess Larry got worse and worse, and they finally had a couple of real knock-down drag-outs. He brought some of his friends home with him, and then that caused her to really react. She threw him out of the house and made them leave, because, she said, "It wasn't right. These weren't the kind of people that should be around our kids." So she told me that she felt it was very important that they separate, and she wanted him to get out of the house, which was right. She should stay in the house. So he and she and I sat down after a bit, and I told him that I would get the house appraised and that I would buy him out of the house, and then he could go on and do what he wanted to. They'd both sign that they had no claims against each other, and that would be the end of the marriage. So he agreed to that, and I had somebody look at the house and establish a value, for whatever their equity was. So I gave him, I don't know, \$15,000 to \$20,000. I think it was around \$15,000. I'm sure it was. And he moved out, and Jennifer was still there.

Then we decided, after a while, that having her keep that house and us have the other, larger house didn't make a lot of sense, because my house was pretty big, and she could really be a great deal of help to me because of how involved I was getting in the Four Queens. I'm now into my second year of being in the community, and I'm beginning to get involved

in the Nevada Resort Association and different things in the downtown organizations and the stuff that I eventually did a lot of. But it was my first spin into any of this, so there were a lot of demands on my time. Patty and Joyce were ten and thirteen, and they still required a lot of attention.

I had somebody living with me, and that was not working out well. I didn't like the women that I had coming in to be there and try to serve as the person that took the girls to school and picked them up and got them to whatever they were doing after school—someone to be there for them. That really wasn't very satisfactory. It wasn't really working out.

So when I lost my last helper, I said, "Jen, you know, let's sell your house, and you come and stay with me. You can do me so much good by being here and being in the house. You can take care of the kids, get them to wherever they're going. It'll be fun for all of us, and we'll really enjoy one another." So she moved home. Probably the fall or winter of 1978, she moved into the house in Sierra Vista, and she lived with me from 1978 until she moved out to marry her second husband. She was still living at home when I went to Atlantic City, so it was after that, but before the fire. Oh, it was probably in 1986 when she married him, and then the girls were old enough, of course, by then.

And his name?

The fellow she married was Burt Ross. I hate to say this, but he was probably eight or nine years older than I. So you can figure it out, but at least it didn't turn out to be as big a disaster as I contemplated it would be when they decided to do this.

Are they still married?

Oh, no. They were married less than a year. Still lived together, though, but they didn't stay married very long. Now, I'll get into all that, because I should finish up. So Jen came home to live with me, and it was absolutely a fun, growing time for all of us. We loved having the little girls there, her two little ones. We all were very compatible together. She was

great for my kids, because she was close enough to their age to know all the things that they were being exposed to and all of the temptations that had to be out there for them. [laughter]

They couldn't fool their older sister. [laughter]

They could put me to sleep but not her. So it was kind of interesting. She did a great service for me, actually, really. Those oh, hell, eight, nine years that she gave to me were a great gift. I think all women, if they're involved in a career and as into it as I think I was, no matter what you do, you have a guilt complex about not spending time with your children and not being there. Because if I'd been there, then they wouldn't have these complexes when they're this age, or they wouldn't have gotten into the bad group of friends or tried this drug or that drug or done anything if I had been there and not doing what I liked to do and look at it as though I preferred doing that to being with them. You begin to build these kind of things.

So it helped me a lot in my own mind to have her be their surrogate mother, if you will, and know what they're doing, talk to me about it if she thought it was serious, and be able to counsel them in a way that I never could have, because I wouldn't have known. If they tried drugs, well, I'd be off the chart on that. [laughter] And she could bring another perspective.

She managed the house very well, and we had somebody come in and help clean and stuff like that, but she certainly prepared meals for everybody, and it was nice. We had a more normal home-life than we might have had if I just continued paying a woman to come and live with us, someone who would never give the care and feeling toward my kids that Jennifer did. I couldn't ever find anybody in the world that would care that much. So it was a great solution for me and one I'm very grateful for. But her little kids don't know whether to call me Mimi or Mama, you know, but they grew up calling me Mimi.

Now the oldest one was twenty-one in February and is a junior at the University of California at Santa Cruz. And Davia, the younger—the one that was born several years

later—is just graduated from high school in Seattle, and she’s been accepted at the University of San Francisco, so she’s going to start there in the fall.

Jennifer will be on her own—completely, totally alone—and I think she’s just now beginning to realize the emptiness of all of this, although I probably should finish her life story, too. She’s in a master’s program in Seattle in psychology, and she’s going to be a counselor. In fact, she starts interning this summer. She’s finished a year now up there in her master’s program, and she’s going to become a counselor in a clinic in downtown Seattle. In fact, after our family vacation, she goes back to Seattle and starts her summer quarter there. She’ll continue going to school, but she has to get one thousand hours of internship in live situations, so she’s going to get her hours in, and they think she’s going to be a help to them. They have to go through quite a serious interview process to get on as an intern in one of these places.

Anyway, she feels as though she’s making progress in her own personal life, and she has. From what she was and some of the wrong turns she took in her life, she certainly, at forty-two or forty-three, is a real credit to herself. And that’s the truly important thing, I think, is how you feel about yourself. She’s finally come full-circle, feels good about herself, feels that she can really accomplish something in the world and probably do some good for some people.

Well, naturally, needless to say, I’m very proud of her and certainly sorry that she had to take some of the wrong turns, but maybe you have to go through some bad experiences like that to have some appreciation of where you want to go and what you want to be. I don’t know. It had to be part of her growing up.

She married Burt Ross, and his nickname was Bitsy, and he’s a gambler. I don’t think he’s ever really worked in his entire life. He had been on the edges of gaming. He managed the “Up and Back” program to the Four Queens, and that’s when Jennifer got to know him. He was then married to a gal who I loved—a really neat lady, and Jennifer was very, very fond of her. They became really

good friends, and she was diagnosed with cancer in 1983, 1984, around in there. She lived for about a year, I think, after they diagnosed it, and Jennifer spent a lot of time with her as she went through this.

Jennifer must have worked at the Four Queens? No?

No. She had met them, and then . . .

But in the “Up and Back” program, that was one of the programs where they flew in?

Yes, from Los Angeles. He owned that program. When I say “owned it,” I mean he’s the guy that put it together, he’s the guy that managed it.

And again, in some way, the key people in your business were part of your social life, too. You brought them home, and they knew your family and such. So that’s how he would have met your daughter, and she is thirty years younger than he is, or something.

Yes. At any rate, Josephine died in, I guess it was, 1984. I’m really not sure. Well, Jennifer and Burt did marry when I was in Atlantic City, and they did not stay married that long. He’d gotten into some problem with the IRS, and it ended up that he had to seek Chapter Eleven or Chapter Seven or whatever an individual ends up doing. I’m not sure what the number is.

I think an individual has the choice of seven or thirteen.

Seven or thirteen, and I don’t know which he did. But then it ended up that, unfortunately, the year that it was challenged was the year that he and Jennifer were married. So she became part of that fiasco, and there was a claim on her for the year, because he had talked her into filing a joint return. Not that she had much. She didn’t have any income, really, but nevertheless, she did file with him. They got a divorce. It didn’t save her from anything except future years that were challenged, which were bearable for him,

but at least she wasn't named after they got a divorce in those next years, which he is still trying to pay for.

I don't know whether he got poor advice, and frankly, I just didn't want to know too much about it. I didn't want to get into it. Only so far as it affected Jennifer did I care. I didn't want them to get married. I certainly didn't bless it, which they all know. I talked about it extensively before they got married and certainly never really ever warmed up to the idea of that, although they lived together for several years after they divorced.

Let's see, what year was it? It was in 1992 or late 1991 that she said that living with him was out of the question now. Leigha was already a teenager and going out, and her nightlife, her dating and coming home later in the evenings was very difficult for him to accept. He has dogs that he's crazy about, and so the dogs are never put anywhere or never really trained, and they're like kids to him. Well, those dogs, the minute that Leigha would come home, if it was eleven o'clock and he'd gone to bed, the dogs would get into the . . . and cause him a lot of problem. So Jennifer said they could not live together anymore.

Our relationship had worn thin at that point because of her marriage and because it was not a healthy life that she was living, I thought. [sigh] So she said she wanted to go away, and I guess Bitsy had said that he would help her. She went to Santa Barbara and took the girls and got them enrolled in schools up there and got an apartment. I think this was in 1992. She then talked to me a little bit. Not a lot, but she said that she wanted to start back to school again and that she was going to enroll in community college up there and that she wanted to get started. Well, I, of course, encouraged her to do that. I'd always encouraged her, and I'm sorry that she didn't take advantage, because the educational opportunity was there for her when she graduated from high school. So she started going to school at the community college, and that was probably a great turning point in her life.

She's a pretty fair writer, and she's good. She can write well, and so she took some

courses, and she excelled because of her writing skills, I think, more than anything. And all of a sudden, she was very successful. I know she looked around, and she looked at herself in an entirely different light. It's wonderful what achieving something can do for a person in terms of giving them a good feeling about themselves, building their self-esteem, making them feel far more confident about what they could do. She ended up saying that she had an interest in education and early childhood education particularly, so she started taking courses that would head her toward that kind of a degree.

As she progressed—this is still in the community college—she was doing so well in the school that she was honored as one of the outstanding students. The chair of that particular school honored her, and I can tell you, it was a pretty proud day in her life to go up there and see her receive an honor like that. I was very pleased. But anyway, she then wanted to go on to a different school, and of course, the University of California at Santa Barbara was there, but she had learned about a school called Antioch University. And Antioch caters to older people going back to school rather than to youngsters, and it has a pretty well-rounded program and also will allow people that they believe can accelerate to accelerate and take more credits. So she went and visited with them, and she finished her senior division in a year and a half. They allowed her to take the credits so that she could get her degree in psychology in a year and a half of senior division classes.

That senior year, she was asked by the city of Santa Barbara to organize a program for the school board to be a counseling service to young women who had had babies and had wanted to come back to school and finish their high school education. So she counseled them on being a parent and also on having the desire to be in school and continue their education, and she ran that program. That was really quite a challenge for her, but it was great, and it's still in place there, because she stays in touch. They kept the program in place, and I thought that was great. It was really a lot of hard work on her part, but she was being recognized for something she could do and could do well.

She decided then that Antioch had a much better program in Seattle than they did in Santa Barbara for the master's in psych, and it's a larger campus, so she transferred up there. Leigha, her oldest girl, was already in college at U.C. Santa Cruz, but Davia was still in high school. So she took Davia, and they went up there a year ago, and this quarter that she's beginning right now will complete her first year in the master's program. She expects to graduate a year from either June or September. I don't know whether she'll have to do the summer quarter or not. It'll depend on the credits she can accumulate.

Also, in order to get certification for the master's degree in the state of Washington, you have to have one thousand hours of internship, so today is her first day in interning. It's the Seattle-something Clinic where she will be interning. Her first internship, or her first counseling, will be with kids that are just going into their teens. You know, nine, ten, eleven, twelve, thirteen, just in that age group. So she's looking forward to that, and she's doing very well in school.

She got wonderful letters of recommendation. They're not on a grading system, but they get the comments that their professors make about them, and she's gotten some wonderful compliments. A couple of them she shared with me. The remarks are very good.

I don't know, I always felt when she was married to Bitsy that she drank too much, probably took Valium or something. I mean, I always had a feeling that I wasn't in touch with her. All that is gone. She won't even have a drink now. I don't see that she's in any way taking anything right now, and I think that's wonderful. She managed to get herself out of that. And maybe all of that came because of her unhappiness and dissatisfaction with herself and with her life with Bitsy and maybe was an escape mechanism. Who the hell knows? I don't. I haven't been to school for all of that.

I guess that whatever it was, the change of getting away maybe from us, too, maybe from all of us here, because we tend to be together a lot, and we probably are maybe—how do I want to say it?—critical of one another a little bit. Not that we fight. We don't,

really, and we don't have disagreements a lot, but I know that everybody's concerned about what the other one is thinking about them. I think that Jennifer went through that knowing of our unhappiness about her marriage to Bitsy, and then if she were acting strangely, or we felt she was, we were critical.

She probably did herself a great favor to get out from under all of us, including him, and find herself and find a way to make herself feel good and to get confidence in what she could do, because she had a lot of ability, but she just had never been tested or tried. She, I think, sat around and said, "I'm a failure." Once she was tossed out on her own to a certain extent—certainly, she was being supported—she found that she could do something. So that's a good end to Jennifer's story. She's starting her internship in the fall, and summer quarter starts on Monday, so she'll be back in school full-time and then doing intern hours up there.

Bitsy, running into all his financial problems with the IRS He helped her in Santa Barbara for a while and then was unable to give her any more help, and so I jumped in, and I'm giving them money for her to continue living up there, going to school. Leigha got a full scholarship last year, and she expects that she will get one this year for the University of California at Santa Cruz, and she's been working there part-time. So she's pretty self-sufficient and has been taking care of herself. She lives in an apartment there and took out a minor loan to cover her apartment expenses, and then she makes enough money from her side job that she's had. She worked on campus in the library in something, and she had two jobs last year. She certainly can go back to working those jobs when school starts again in the fall. She's going to summer school, though, and she got a job being an usher in a theater for now.

Davia graduated from high school. She was nineteen in April, and she was accepted at San Francisco State. I don't know much about the California universities, but she is very pleased about the school, so she's going to go there. She doesn't have a scholarship, and so Jennifer's trying to squeeze out of the money that I'm giving her enough to help her, so Davia's going to be the borrower. She's taking

on quite a loan to get into the school, but the school is helping her, and so she's going to live on campus. She's going to live in the dorm up there. I haven't seen it, but they went over there when we had our family vacation last week or the week before last and took a look at it, so Jennifer has some idea of what it's like. But it's right in downtown San Francisco.

I hope she's going to be OK. I don't know. I would rather have seen her, as Leigha did and as Jennifer did, go to a community college first, get used to it, and get acclimated. With college, so much of it is up to you. Now, maybe high school has changed nowadays and a lot of what you do in high school is up to you. I'm not sure, but I worry about her. I think she could do better with not, maybe, such a dramatic change from what she had been used to, because apparently the scholastic requirements, or the expectations at least from kids that are entering this school, are pretty high. I hope she can not go crazy and jump off the cliff or something.

But it's a nice end, and Jennifer, for all the worrying and just fear of what was going to happen to her For all of that that I worried about, she's been a wonderful mother to those kids. I don't know how all that shines through or how it comes out that she can be such a great mother and have had that many problems herself, but somehow or other, these kids have turned out. They're great kids, and we haven't had to worry about a lot of things that you do with kids like that, that I certainly did with Jennifer—a very strange lifestyle and using whatever kind of drugs you could get your hands on. So to have her bring up two kids that are pretty well grounded and have them be as good as they are, I sometimes wonder how it happened, because through the most formative years, I think she was not where she should have been. But I don't know.

Anyway, they're both going to be OK, and so is she, thank heavens. I think that she will get her master's, and she's very anxious to be on her own now. She hates to take what I'm giving her to live on. In fact, she just told me when we were in San Francisco, she said, "Oh, I just can hardly wait for the day when I get out of school and I can begin really taking care of me and not looking to you for anything."

"Well, I'm always here."

And she said, "Oh, I know that. I will always want to talk to you and need that from you, but I don't want to take money from you." And maybe her marriage to Bitsy was her I've looked back on that and thought that she just felt as though she was always just there taking from me, and she didn't want to be that anymore. I'm wondering if that's what made her choose that life.

Did you question, sometimes, that the level of success that you had achieved set such high standards that at least one of your children must have tripped over that and thought, "I can't possibly be as good as my mother was, and so"

So why try?

" . . . why try?" sort of thing, and choose some sort of a rebellious or alternative course?

Yes, it could be. But you know, she did so much for me during the years that she lived with me. I had the girls there, but in caring for the household and being a real force and person in Patty and Joyce's lives, if I was going to do justice to my career, I couldn't be to them what she was. She was there for them, there when they came home from school, there to take them before they drove, there to take them wherever they needed to go. All those things that I'd managed to do for Barb and Jennifer. Having the demands of what I was doing on me, or at least what I thought I needed to do in order for me to achieve what I wanted to, there wasn't time to give that same way that I had with the other girls. So we'll probably never have answers to all those questions, but anyway, it's a good end to the story of Jennifer.

And Bitsy, I see him occasionally. He's not doing anything. He's living on social security, his very own money, now and any money he's He's just been a gambler his entire life. That's all he's ever done. He was an illegal bookmaker, and then he came here, and he went to work in the casinos, and then developed the "Up and Back" program that I used at the Four Queens.

Now you're back in town. When you came back, what did you do? I guess there are two directions. One is you walk into the problems of downtown Las Vegas. And it wasn't just the Four Queens, but you had the Fremont Street Experience, and you were a part of developing all of that process, but you also had the Four Queens to try to figure out.

Right, because we were having the same experience as everyone downtown—first of all, flat revenues and then beginning to slow down. You know, just a little percentage off your revenues just plays hell with your bottom line, which you know as well as I do. Unless you continue a growth, because you've just got certain costs that are going to go up anyway unless you become a much smarter operator in whatever way you can. Of course we look around for ways to cut expenses, but sometimes you end up looking at expenses that you probably shouldn't cut versus some that you There may be expenses—I'm not saying there aren't—that you should cut, but you end up sometimes taking cuts in the wrong places.

What did you do when you came back? How did you start?

Well, one of the things was spending money, but I think it was the right thing to do. We were still on the famous token program that I told you about starting, the tokens that created the Reel Winner club members. That was when the on-line systems were just beginning to come into being. IGT had one, and Bally's had their S.D.S. system, which I had looked at. When I was in Atlantic City and back here at one point, I went over and looked at that.

The first place I ever saw the IGT system was at Harrah's in Atlantic City, their on-line system. So one of the things that I couldn't wait to do when I got back was to automate the Reel Winner's Club so that we could have all of the features that that system brings in terms of tracking the players and understanding them and being able to get your arms around the program to a much greater degree than you could do on the manual system. Plus, E.D.T. gave us a lot of other features in terms of security and accounting data that we didn't have.

And the E.D.T. system was the IGT on-line player tracking system?

Yes, the IGT slot-player tracking system and accounting. It gave you the accounting

functions and all the read out on all the games, so we bit the bullet and installed that.

When you say bit the bullet, how many machines did you have in?

Eight hundred, nine hundred machines.

So you had to bite a bullet that was \$1 million to \$1.2 million?

Yes. Big. And then a bigger one to try to acclimate your, now, Reel Winner's Club members to not having to collect those coins anymore and to think of using a card. Well, I was spooked. I said we were going to have to keep the Reel Winner's Club tokens availability there as well as the on-line system until we got enough people used to the on-line system and agreeing to that type of monitoring. And God, we ran the token system for several years after we installed the E.D.T. on-line.

More and more people were beginning to use the on-line system and liked it. I don't mean that we had a huge number of people that continued to use the token system, but we still had some favorite people that we didn't want to disappoint, so we left it. We left the tokens on the machines and filled them and allowed the people who played those machines to come and redeem them just like they always had. So those that wanted to could, but we really went into quite an extensive program of talking about our on-line system and its benefits when we had our slot events for the Reel Winner Club members. At those events we would explain the wonderfulness of the on-line system and what better track we would be able to keep and how it would be a lot better for them to become an on-line user. We did a fair job, I think, in getting them converted, but it took a while. And you know, I've never heard any stories about how others would change from a manual to a computerized system, have you? A manual system to an on-line system. Were there horror stories?

Yes.

There were?

The faster they tried to convert their customers, probably the more . . .

The more dissatisfied the customers became.

Not that the new system didn't work. It's just that the people liked what they had before, and they were accustomed to it.

Exactly, yes. Well then, I guess my choice was right. Let people have their choice. We got the system up and installed probably by the end of 1990, early 1991, but I think we ran the tokens for a couple of years after that.

Did it require more people?

No.

Because you already had the same amount of people in the slot department in your club, so hosts and . . .

Oh, yes. It didn't require any more people. No.

Was the accounting function of it important to you? Did you gain a lot from that?

Well, unfortunately, I guess in the beginning I heard from the accounting-side people saying that it wasn't accurate. But IGT did several upgrades to the system.

Would you describe both sides: the player-tracking side, what the system really does and kind of how it does it, as well as the accounting side and the information it provides and how it does that?

Yes. Out of the player side, a player is given a card much like a credit card which can be inserted into the machine or into the piece of equipment that you've installed on the machine, because, of course, you have two kinds of machines. You had the machines that you had before which were not outfitted with the player-tracking system, so you could add this piece of equipment. I believe we put ours

on top or on the side. I'm not sure which, but it could be attached either way. It's a little card reader which identifies you as a customer.

Just a box that's mounted on the machine that you insert the card into, and it reads it.

And it will say, "Good morning, Marie. Have a good day." I think it was programmed to say, "Congratulations," when you won a jackpot or had a nice payout.

By the time I got back from Atlantic City, IGT was making machines that had the devices built inside of the machine, and so we did try to acquire some machines to the extent that our cash would permit us to, and we always got them with that feature built into the machine. Then, of course, you don't have any box on the top or the side. It's just merely on the face of the machine. You can put the card in at some designated area, and still the little L.E.D. readout does the same thing.

And these are hard-wired?

Yes.

The card reader and the machine are wired together to record the coins in, the coins out, and various other functions in the machine, and that goes to a central computer that then spreads that information to different departments from the casino?

Right, spreads out the information so you know. Well, you could tell if player #9,920 were playing on some machine, and you could bring up on the screen who that player was, and a slot host or a slot foreman or the guy who runs your slot department could go down there and talk to that person and call them by name. It gave a great flexibility in how to manage your programs.

And players accumulate points?

Yes, exactly as we did when we started the Reel Winner's Club. I believe it was one coin for every seventy dollars of coin played. If it was the same person standing there who put

seventy dollars, he would get one gold coin out of there. And you had to collect ten of those to go to the Reel Winner's booth and get your membership card, OK? The same was true with this. To get started, you were given a temporary card, so you could build up to some level of play that we had to get from you in order for you to become a member. After you'd been around that casino for a day, you could go back and see if you qualified to become a member, and it was based very much on what I just told you. I don't know what the threshold number was on the dollars. It was seventy, and maybe we raised it by then. Now I can't remember.

Did you do cash-award points? Did you merchandise your points?

Merchandise.

Did you do in-house services?

All in-house services. You'd get Reel Winner dollars, is what they were called. Your rewards were Reel Winner dollars, and you could use them to pay for anything in the hotel—not gaming, but any other service that the hotel offered. You could buy anything in our gift shops, you could buy anything in our food and beverage outlets with your Reel Winner's dollars.

Remember in Atlantic City, when we finally got permission to install the system where customers were given tokens that when played dropped into a separate box in the machine? When Reel Winners tokens were dropped in the token acceptor on certain slot machines, the machine played as though it was playing the machine for a quarter or a dollar. At the Four Queens, people could get those tokens instead of just getting cash for the value of their Reel Winner awards. They could get those tokens, if they chose to, and go back and play on the machines, because those tokens weren't good in anyone else's casino, whereas with the cash that we were giving in Atlantic City to bus patrons, the money could go outside your casino and be spent elsewhere.

Unfortunately, when we got back to Las Vegas, we were working with short dollars, and so we couldn't put the Reel Winner token boxes on all the machines and get them outfitted or retro-fitted to accommodate the Reel Winners tokens, so there were only certain machines that could take tokens. We'd tell our customers, of course, if they chose to take the tokens, which machines in the casino would take them and where they were located, and they had big signs so you knew where to find them.

That's something nobody else in the industry did, right?

No, no. I don't know why, but nobody else. I thought it was such a coup in Atlantic City to give tokens rather than to hand those people quarters, because I *knew* they walked outside and walked down and bought a hotdog and a jelly roll and put the rest in their pocket.

I think we used the awards system as a promotional feature to give certain . . . not huge amounts. Believe me, I saw what happened in Atlantic City, and the more you gave people, the more they expected. Those tokens have a value as well, because when they win that machine, they are treated just like another dollar or quarter is being put in that machine, so you get the same payback. So you had to figure what that was costing you.

Yes, and tax-wise, it was the same for you, too.

Yes.

Did you buy special merchandise and start caps and t-shirts, because one of the problems with the system is you accumulate low levels of points? Not everybody would have enough money to pay for a hotel room, but you still need to have some sort of prize for them to be able to redeem.

Yes.

Did you have any merchandise problems or any storage problems? When they started the clubs, there was a huge storage problem.

Yes. I'm trying to think if we ever got into . . . Well, first let me say that we had a nice gift shop, and we had some fairly nice gift items that weren't that expensive. People could use them, and in the beginning, people just loved it. It was great for us, because the markup in those gift shops was pretty significant, so it was great to have them use their Reel Winner dollars to buy gift items in our gift shop. It really was. It was a nice find.

But then I really did want our customer to have a greater selection. I'd always been so impressed with the Spiegel catalog, so we contacted them, and they agreed that our Reel Winner customers could buy from the Spiegel catalog. We'd have to process the order at our Reel Winner's booth in the hotel and tell Spiegel what they were ordering and figure out how it equated to the Reel Winner dollars, because we would pay the bill to Spiegel. They could order from the Spiegel catalog. So that worked kind of nicely.

It was funny. Spiegel—even in 1990, I think, when I did this—didn't want to be associated with a gaming place. They're an old-line Chicago company, and they still had a fear about us, that their customers might be critical of them for allowing a casino to use their merchandise or to sell their merchandise or give it away. It was really funny. But they came out, and they visited several times, and we really had to kind of convince them that, "Hey guys, this is the real world today." I'm sure they'd have a different feeling about it today, but isn't that interesting? Even in 1990.

And did it generate enough sales for Spiegel? Did it turn out to be important to Spiegel?

No, it really didn't. It was a unique feature to offer to our customer, but we didn't have that much demand. And people would still wander into the gift shop. People like instant gratification. They want to pick up what they decided they want to buy with their Reel Winner dollars. They don't want to wait around and order something out of a catalog. The lesson I learned from all of that was no matter how attractive that might have been, how it was kind of an interesting way to

promote the club and all, it really wasn't what people were interested in. "Oh yeah, that sounds great!" But not that many people used it.

Do you think giving money back that they can play is ultimately what they really want anyway?

Many of them. I think there's some of those gals that love to go in and shop and really got a good feeling about using the money to buy their room or buy their food, loved to save up so that they could go have dinner in Hugo's and that kind of thing. So in answer to your question, the only merchandise effort I made, I think, was with the Spiegel catalog. Otherwise, it was just what we had and the Reel Winner tokens. So that is how the points were accumulated.

How many employees does it take to manage one of those slot clubs?

Well, we had regular events for our customers. We'd run slot tournaments regularly, so we had a marketing staff. We had a management person, Joanne McCardle, who was devoted exclusively to running the Reel Winner program, and that's all she did. She went out to Boomtown long after I left the Four Queens.

So Joanne McCardle did the tournaments and special events?

She was slot marketing, yes, and she did the special events for the Reel Winners—the tournaments and other things. We'd run these tournaments, and if you had two hundred people, you'd set twenty machines aside for the tournament. If you have two hundred attending, you have ten different times of play, and then you have a play-off, so you kind of run it throughout a whole day or a weekend. Then the winners, on the evening the tournament concludes, have a dinner—a luau or a Mexican night or something. Then the winners are presented with their prizes, which was money.

I guess we haven't talked much in detail about that. Off of your player list—the people who had been playing and joined your club—you sent out invitations to a slot tournament. They paid an entry fee, and that entry fee gave them their room and their food and beverage and the prize structure.

And that entry fee goes to build the prize structure or the prizes.

The machines they play on are ten machines that are special. They don't put money in them, they just accumulate points not money.

That's right.

And the people with the most points then win. How much were the entry fees, and how big were the prizes?

Well, in our richest ones, the entry fees were up to \$200, \$300, \$400. In our smaller ones, less. So say you had 200 players come at \$400, that's \$80,000, which you divide, and you have the top prize be half of that or close to it, and then you go down to sixth place. Those are very popular. No skill whatsoever, it's just how fast you can accumulate points.

And you give most of the money back in prizes, and the rest of it you would use to cover the expenses of the banquet and the hotel rooms and all the rest of it.

Yes.

The other side of it was the accounting side?

The accounting side. Yes. In the slot department manager's office on a computer, he could get printouts of every single machine, what its payouts were, what its fills had been. Into that system, you input the theoretical hold on each machine, and then you could see how you were tracking that theoretical hold over time. It was cumulative. It was done by the week, and it was also cumulative, so you could look at two columns and not get excited about one week. So you have, actually,

a computer printout of everything that went on in your casino in terms of the money spent in those machines.

When you say you wouldn't get excited, that's an integrity issue. The theoretical win says that with the whole percentages, the machine should hold 5 percent.

Yes.

And on a weekly basis, you might look at it, and it had lost.

Oh, huge! There could be a very significant variation from that, but over time, depending on the cycles of the programs that are in . . .

So that would be one use the slot manager would have would be to look at integrity, to see whether or not the machine was performing the way it was designed to perform. What were some of the other uses for that?

Well, to see which machines, obviously, were performing better than others in terms of money wagered. It could give you a whole picture of your casino in terms of how you lay it out. If you want to get some machines that you think are good ones closer to the public or put them in key areas where there are high-traffic areas or you see the popularity of machines, you can begin to make decisions about what you should be buying.

Popularity you measured by coin in, so it was kind of a vote. The more money people put in the machine, that was the more popular machine.

That's right. That's exactly right.

And then you learned about which places on the floor were more popular, which kind of machines were . . .

Right, where you had the most traffic.

So you could buy machines that were more popular, and you could put them in more popular areas.

Right. You knew how frequently these machines paid off, and was the frequency of pay-off the thing that was making everybody crazy about this machine versus one at the other end of the casino? You could do all these kinds of analysis, and it gave you an awful lot of information.

Remember I told you about Jack DeBorde, who was our slot manager for years until he retired, which he did after I came back from Atlantic City? He'd draw me a map each week with different colors for the different denominations, showing me what the drop was on every single machine. It was the same idea but certainly not the kind of information that this computer printout provided. But it was helpful in looking to see where your more popular machines were, where your hot spots were in the casino, where the machines were getting more play.

The difference over the on-line system and the old manual way is that his manual one only told you drop, which was, in a sense, a win kind of figure.

That's right.

It never told you coin in, and it didn't matter how much money you had to count. With the new system, you knew how much money had been wagered.

Yes, that's right.

So it was a big step forward in really being able to analyze. It gave you the right information—the wager—rather than the win that you thought you had to count.

Right.

One of the liabilities with the table game is you only know how much money you had to count not how much money was wagered on it.

Yes. You never really know how many dollars are wagered on a blackjack table or on a crap table. You don't have to put it through some mechanism that measures what . . .

What did it do for the accounting department? How did the accounting department use this on-line information?

Well, we really weren't very good at that. We never really decided that it was reliable enough. That probably was changing, but I don't know that the gaming control board accepted those numbers rather than the manual accounts.

They certainly accept all the meters now.

In 1993, we had a few bill acceptors. We didn't have a large number of them. So the amount that can be tracked through meters does become bigger and bigger with more bill acceptors.

Bill changers were a huge revenue generator. It makes a big difference in revenue.

Having people be able to not have to wait for a change girl, to try to get change.

You described the map that the slot manager did for you. Did they change in format some special reports for you?

Oh, yes. I looked at it every week. They gave me a comparative thing about certain groups of machines, like five-dollar machines. We were trying to build a five-dollar following so we could establish a high-roller area where we put in probably thirty, forty of these five-dollar machines. They were done in the configuration around an open area where we could have a hostess and somebody with change for everybody there instantly. They had these huge tokens that they used—great big gold tokens that they got. And when they got payoffs, the tokens made an enormous amount of noise. It was very exciting, and the payoffs on those were . . . We were giving back 97 percent or 98 percent, so it was really an exciting thing, but we watched those very carefully.

We watched all of the dollar machines. I was looking at comparative reports on all of those, and that was much easier to assemble and to know the locations of the machines that were doing well. Some dollar machines

were doing better in certain areas, but they had to take into consideration what kind of a machine it was, and that information was also given to us, so you'd know if they were the IGT dollar machines or if they were Sigmas and the hold percentage.

You had to go through what they now call paradigms. Someplace in your thinking you had to go from "drop" and talking about the drop per machine and get to "coin in". It took place—the majority of it—while you were in Atlantic City, so that by the time you came back to the Four Queens, you had to learn a new language, because the words that you would have used to communicate with the slot director before you left and what you talked about when you came back would have dramatically changed. Do you recall that process? Do you recall any difficulty in making the transition?

So now what you're saying is when I would be looking at a machine . . .

When you first started at the Four Queens, the slot director always would have told you how much a machine dropped, because they didn't know what the coin in was.

No, he'd have to tell me what was in that bucket—what we counted.

What you counted. And that's the way you measured what a good machine was?

Oh, yes.

Now you're looking at coin in to determine what a popular machine is. The old one, you just know when you won. This one, you knew when players liked it, and it meant that the way you talked about things and the way you thought about things was different.

Right, how much there was in coin in, absolutely. What a real gift to the slot business that was, to find out how much money was being played.

Do you remember when that light went on in your head, and you said, "Wow!"?

When I went to Atlantic City, I was dealing in much higher numbers than the Four Queens. Our average win there per machine . . . we had no way of really measuring coins in.

When you start to get coin-in information, you start to understand how much a slot player will be playing. In the pit, people always looked at, say, "He bets five hundred dollars a hand," and they always had some sense of how much a person bet. In the slot department, they didn't know that.

They didn't have any real, actual way, because you couldn't stay around long enough to watch them put in however many dollars. We weren't able to determine that, so it was quite a breakthrough when we got a piece of equipment that actually showed, really, what the player was playing. He had a motivation to be monitored, because he had a reward, so it was fairly accurate. It wasn't somebody just deciding that they were going to put their card in for no reason or they wouldn't put their card in. Because they got a reward, they were going to play. So it was almost a sure-fire way of finding out.

It really, really changed our whole world around in terms of who the people were, who the slot players were that were important to us, our main slot players were. I don't think we ever knew that. Well, we did when we had the gold coins for the Reel Winners Club. We never knew how much it was, but at least when they collected ten of those gold coins, we knew they put seven hundred dollars in that machine. So you had a way, at that point, of beginning to find out. But now we have the equipment that tells us.

And you recognized that people would sometimes wager not just thousands but hundreds of thousands of dollars.

Oh, yes. There were some people who, from what we could see as to points they had gotten, were in the millions of dollars over the years. I'm not saying this was just in a year, but over years, they had played several million dollars. Just one person. But when you watched some of these people . . . I'm sure

you've seen it: a guy that's going on the dollar machine that plays three or four at the same time just as fast as he can. So the coin in jumps up pretty quickly.

Yes. When you got back to Las Vegas, you said your first step was to put in the new E.D.T. system, the on-line slot-monitoring system.

Right.

What was second? What was next?

We had not at all kept up in our accounting department in being computerized, so we got a computer system to do our checks, our interest, and that kind of thing.

At that point, it was still I.B.M. equipment?

Yes. There were just so many things that people didn't make decisions about or really do while I was gone, and I was too busy, frankly, with putting out the fires in Atlantic City to think about how we were going to get on top of that.

What generation did you end up with?

I'm trying to think what we got. In fact, that would be a good question for Cindy, because she was instrumental in getting that on-line for us.

How big a room did you need for it?

We located the equipment across the hall from my office. It was probably ten by twenty or ten by fifteen, I would say. We didn't have the right temperature at times. The hardware was still temperature sensitive in those days, and that's why the hardware that was running the slot reports had to be in an area where we could count on good temperature control.

So you also needed a new person now?

We needed a computer specialist or whatever they're called. Are they called programmers?

Yes.

They run around and try to put out the fires when things don't work right. Take care of all the glitches that happened.

But somewhere you needed data input and data management.

Yes. Actually, just bringing Cindy back, she was pretty well able to do that, because when I went to Atlantic City, they were light years ahead of us in terms of equipment. They were even when we got there, and then we helped. So by the time we got back Of course, Cindy was really very computer literate. She knew computers, and she was at home with them. She knew what she liked and didn't like and what she thought worked best. So that was easy to do once we got back and looked at it and decided what we wanted to accomplish with it. She could get it put in place pretty easily. It was just the cost that we had to look at. But that wasn't that terrible. We computerized most everything, except we never did get around to computerizing the cage. We were still manual in the cage. I felt badly about it, but I think they probably got that on-line after I left.

Does that mean that credit was done manually, too? That you had big credit files?

Yes, all those things, just like in the olden days.

Well, so that was one of the places that you were behind the curve of everybody else.

Yes.

And that probably was, again, a victim of you going to Atlantic City. You went to Atlantic City, took your eye off the ball, and virtually nothing happened while you were gone.

Yes, because this is the kind of thing that we had to do the *minute* I got back. It just took somebody being there and somebody making the decision about it, somebody shepherding it, saying who's going to get it done and how we're going to get people used

to it, just as we did with the slot system. Now there are people on the team to play the game the way we wanted to. All that takes leadership or team building or something—convincing people that this is the right way versus grumbling that they don't want to make the change. There always has to be somebody there to hold their hands. You can't just sit in Atlantic City and call that shot and have it happen. It just wouldn't happen.

An M.I.S. [Management Information Systems] department changes from whatever you call the accounting department, so it's not just a little change to the accounting department.

No, it's a huge change.

Everybody's job function changed. Everything from your payroll checks to your accounts receivable is all handled differently.

That's right.

Your general ledger, everything.

Everything. Well, we didn't have a front desk. We had a front hotel-desk system in place before I left. We put that in in the early to mid-1980s. We put in a front-desk system, which, by the time I got back, was antiquated as well. But anyway, we had to absorb all that into the new equipment.

So when you got back, your first thing was the computerization. You just had to make the change. So once those were done We talked at lunch about the core changes and that. What did you do?

We didn't do a great deal.

You didn't do a great deal?

Well, I felt it was more important at this time to take care of things that would make us function better. Certainly, I saw the on-line slot system as a way to build the business, because it would give us the ability to see our players. And I believed that the slots way outdistance all other departments in being the most profitable area that we had on our

property, and we had to maximize on that. They're far more profitable than table games. That's not saying that table games aren't very profitable, but, you know, we were at departmental margins on table games versus slot machines. There's a big difference.

Would you explain that a little bit: the difference in what you mean by departmental margins?

Well, when I say departmental margins, I mean the departmental profit in the casino department, which included the table games. It's just a measure of table games and not our keno and not poker, just like casino table games versus the slot department. You take the revenue from each of those departments and deduct all the operating expenses. There are generally accepted accounting principles that you use to define those expenses, such as mostly payroll, and then you have supplies and some things like that.

And you charged marketing and bad debts and complimentary and all that type of expense to each department.

Yes, and comps were charged back to each department. So you arrive at a departmental profit. Now when I say departmental margin, it means what the ratio of expense is to the revenues generated.

Would you give a typical difference between what the table games and the slot department would be?

Yes. In our house, we would have less than 50 percent—in the forties—in the table-game department profit. Of that revenue you generated in the casino, we'd take 40 percent of revenues, probably, to operating profit, I guess, is the best description; whereas in the slot department after operating expenses, we would take 65 to 70 percent in departmental profit.

And in this case, revenue you just define as net win, which is minus your payouts.

That's right.

And the same thing with table games.

Yes. So fixing or getting a handle on slot departments, as I've just shown you, the margin is dramatically larger. Now the slot revenues were also higher as a percentage of the total revenues than the table games were in our casino, particularly. I think that slot revenue was 65 to 70 percent of total casino revenue.

Total casino revenues in this case would be poker, keno, table games, and slot machines added all together. Slots would be 70 percent of that revenue. Table games would be 25 or so, and the others would be 5 percent?

Yes. Shared little pieces of it.

Do you remember the ratios in 1977? Do you remember how much they've changed? Do you remember what they were?

No. Well, I know that my slot department in the 1970s could be close to 80 percent departmental profit.

Oh, departmental profit. I mean as a percentage in revenue.

Oh, as a percentage in revenue? No, I can't say. I'm sure I knew at one time, but I can't tell you now. But I do remember that, as our marketing efforts grew, there was additional departmental expense, which reduced departmental profit to 70 percent. I might have remembered once 78, 79 percent early on departmental profit in the slot department, and then it got shrunk down to the mid- to high-sixties, which was a shame.

You continually gave the slots more space, but you also had to spend more marketing knowledge and emotional knowledge to generate the revenues to justify that.

Yes.

In 1977, you didn't have any complimentary expenses against it. You wouldn't have had any . . .

Minor, yes.

Probably a concerted effort would be that your slot club and all the promotional events that go with that would be 10 or 15 percent.

Yes. That's right, because the other costs really didn't go up. It was the added cost of marketing the slots. Of course we increased the revenues dramatically, but again, the percentage went down. Because your revenue numbers were rolling up, you were still making, in real dollars, a lot more money.

MANAGEMENT CHANGES

Now, you said that there was a management change?

When I came back from Atlantic City, I had Paul Hayes, who resigned as casino manager not long after. Now, Paul Hayes was the guy who came from Atlantic City and managed the casino from the time that I let Bruce Meyer go until when I came back from Atlantic City. It was probably early 1990 when he came to me and said he wanted to get out of the casino business, period. He didn't want the stress of it any longer. He felt that he wanted to do something else with the rest of his life. And I said, "Hey, I can't . . . I'm sorry." I was devastated to lose him, but what am I going to do? I had to bow to that.

So in 1990 after Paul left, kind of by default I appointed Jack Crawford. He is the guy that worked all the departments all the way around and became our casino manager. I talked to several people that I counted on and really sort of had confidence in, and we all decided that Jack would be the guy to become the casino manager, and he deserved that chance at this point. So Jack became the casino manager.

Jack was very good and understood the games, and there was nothing the matter with that. He would watch those games until the end of time. I mean, until he wouldn't go to

bed, if that's what it took. If we had a big player, he just wouldn't even leave. He would be there and, perhaps to a certain extent, caused people to kind of sweat the games. You know that fine line you walk of not being observed while you are observing the games, but still you are trying to keep an eye on them and see who's doing what to who or if anything is going on. With some people it would not be obvious, and some people just no matter what they did, they were obvious about it.

Maybe one of his faults in trying to be a good manager was the fussing and worrying about the hold percentage that he did. Oh! Drive me crazy! He'd just haunt We had a couple of incidents where people were there, and you didn't know why they were beating you, and he'd just be crazy about it. But he was a good guy, although he was not as good a people manager as he should have been. I'm trying to think about how I can define it. He'd have a big problem taking a position on things—making a decision that this was the policy and that person violated it and that was the way it was. He was uncertain. He became, as a leader, not an effective one, because he couldn't really decide and have the reasons backing up his decision and stick with it and explain it if it was necessary to explain it.

I don't think he was particularly happy doing it. I think he found, when he finally got on top, that it was not the place he really wanted to be. He was a caring guy and very, very loyal to the casino. I never could find fault with that. He just sort of fell down when it came to being strong and saying, "No Mary, you can't do that, because these are the reasons," and saying that, "That is the way it is, and this is why I can't do it." Those are the kind of things that I found just kind of lacking in his management skills, although as I say, he was very loyal and always, always spending huge amounts of time just trying to be sure that we got every dollar we were supposed to.

As I watched him and I saw the newest kind of competitive forces that were in place on Fremont Street, I knew that we needed strong leadership in the casino department and somebody that could keep peace there, keep the generative feeling of team play—that we all are on the same wavelength and we need to be working together. And he just wasn't getting that done for me.

In late 1990, the people that are part of American Casino Enterprises looked at Table Mountain Casino in Fresno. They had acquired a contract with them. They asked me, as a friend, for my opinion, because I'd known Audrey [one of the principals in the company] for twenty-five years or ever since I came to Las Vegas. So I made a trip to Fresno with them, and I said, "Take the place!" I encouraged them to enter into the contract. I had absolutely no interest. I had no interest in their company, I had nothing. I did this as a friend.

And Audrey's last name?

Tassinari. Ron and Audrey Tassinari. They needed somebody who had been in the casino business to go up there. I knew Jack was very unhappy, and I knew that he was not doing the job I wanted him to do for me. So I thought, "This might be a fit." So I sat down with him, and I said, "You know, there's this opportunity with American Casino," and I explained it to him and said, "It might be a place that you could be happier than you are now." Because he and I would talk, and I knew

he just was miserable. I said, "Maybe going over there will really give you a new beginning. Plus, I know Ron is willing to give you stock options in the company, and he's probably willing to give you a good salary. I don't know what he's going to pay, because I'm not here to negotiate a salary with you, but . . . "

So he agreed. He said, "That may be a good thing." He was just going through a divorce. He cared deeply about his kids—he does have three wonderful kids—but I think he was ready for a change, too. So he and Ron met, and they liked each other instantly. Ron talked to him up there, and I wasn't any part of that. Jack came back to me and said that he thought he'd like to take the job.

Once that was accomplished, I had to find a new casino manager, so I began to look around. Now I had heard a rumor-on-the-street kind of thing. A guy who had been casino manager at the Golden Nugget when I was in Atlantic City—the Golden Nugget in Atlantic City—was looking for a job. He had come back. He didn't want to stay in Atlantic City. He had come back to Las Vegas. So anyway, I reached out for him, and he came over, and I talked to him, and he was an entirely different kind of guy than I had ever had in our casino. He had a degree. He was a lawyer by education turned casino person that had an absolutely incredible climb in the whole system at the Golden Nugget.

He had become casino manager and then left. I probably should have gotten into more reasons why he left, but I didn't. It took me a couple of weeks to find someone I thought might be good, but Jack was ready to go, so I hired this applicant. I thought he was the right kind of guy. He certainly made the right impression—young man, early forties. I knew where he had worked after he came back from Atlantic City. He became a casino manager and then directed casino operations at Circus Circus. I'd heard a couple of little horror stories, but in my desire to fill the position, feeling that this was a new kind of casino management that maybe would be better than some of the more traditional managers I had had in the past, I went ahead and hired him.



"I'd known Audrey for twenty-five years." Jeanne (left) with Audrey Tassinari, 1998.

And his name?

Michael Moore. We had a honeymoon probably for a few weeks or a couple of months, but I began to see some of these traits that I should have been afraid of. Anyway, he lasted about six or eight months, and it was really kind of a nightmare time. I could kick myself for not having had more insight. Anyway, things went from bad to worse with him, and I finally talked him into resigning. There was a fellow named Curt Thompson I had known for a number of years who had been at the Frontier Hotel when it was under the Summa umbrella, and then he transitioned to the Elardis as owners but had come to a parting of the ways after maybe a year with

them. He had established his own business. This young man had formed a company to provide "shopping" services to casinos, restaurants, and hotels.

That's the secret shopper, where he goes unannounced, plays and stays in the hotel, and then writes reports on customer service.

On how he was treated and if anybody was doing either something inappropriate or was discourteous and how they treated all the customers. And I felt that he provided a great service, and I thought, "Well, if somebody can do this . . ." By that time he was considering giving up his "shopping" service. He told me

that he was giving up continuing the business because he was spending so much time with it that he didn't feel that he could make enough to continue spending as much of his own time with it, and he really needed to move on to something else.

He'd been offered a job as president, I think they called him, of the Bicycle Club in Los Angeles in Bell Gardens. So he had gone down there, and I'd stayed in touch with him. He was not really happy, now, living in Los Angeles, although he had a pretty good job. I mean, I think the pay was very nice. In fact, that's why I couldn't talk him into coming. I had kept Michael around because I couldn't talk Curt into coming until he just couldn't stand being out of Las Vegas, because his family was here and it was very difficult for him.

He had an apartment down there where he lived during the week, and then he tried to come home whenever he could get away. He had two boys that were not teenagers yet but approaching that, and he was getting concerned about what was going to happen when they became teenagers. His wife was not really thrilled about him being away this much, although the job at the Bicycle Club was a good one. He was running the place—he and John Sutton were actually managing it. John ran the games, and Curt was handling all of the administrative side of it. I think he was getting along pretty well working for a guy whose name was George Hardie. You probably know the story of the government coming in and taking over the club, because one of the partners, not Hardie at this point, had been convicted, I guess, and had been sentenced to jail.

Yes, but they said his money came from drugs.

Yes. So the government seized it, and actually, the partners seized that man's interest in the Bicycle Club. Hardie was representing all the rest of the partners. There were several other different partnership groups in there, and he was representing them and running it. He was doing a good job, not running it, but he was acting as the owner. So Curt was working directly for him and left him on good terms. When he finally told him that he

couldn't live in Los Angeles—it wasn't right then for his family—Hardie understood, and Hardie would come over and see him at the Four Queens all the time and seek his advice about stuff, which I didn't mind. It was fine with me. So I finally talked Curt into coming back to Las Vegas, and of course, it was a cut in salary, you know, because Hardie was paying him pretty well to work down there. But still more important for Curt was being with his family.

Can you give an idea of what the salary range was for a casino manager at the Four Queens?

Yes. Jack Crawford left while he was making \$60,000 to \$65,000 a year, and it progressed up from there. I imagine I probably paid Michael Moore \$80,000 to come aboard, and that was a good cut from what he was making at Circus Circus.

Big cut.

Yes, big cut. So it would seem to me that I probably was paying between \$80,000 and \$90,000 for Curt.

And typically, as a reference, a downtown property generates much less revenue and can afford to pay much less than what the Strip did, particularly when the casino manager didn't manage slots directly.

That's right.

Slots reported directly to you, so really table-games and keno and the poker rooms were his responsibility.

Right.

So the same job at Circus Circus might have been worth \$200,000 a year, \$250,000 or so?

Could be. At the Four Queens, they had less responsibility in a market that generated far fewer dollars in revenue and didn't have the kind of credit oversight that they would historically have had on the Strip. So there was less decision making. Well, I don't know why in any sense it would be more difficult, I guess,

to manage or to keep help at the Four Queens, because you break in dealers, and hopefully we graduated to some dealers that chose to stay with us. In the beginning when I first became president, the only help we had were dealers right out of dealing school. Then as time moved on in the 1980s, we started getting people that looked at it as more than just a place to get some experience before moving on to the Strip. We had some people that began to say, "Hey, there is something downtown, and I can make a living being downtown." Probably tokes increased, and I'm sure they did.

That would have to be that there are players with more money and who tipped more.

Yes. So they were tipped more, and they were willing to stay longer. Now I'm not saying that we were any competition for the Strip, because we weren't. There was always a price, but it was a higher price at this point than when I first took over there. So I probably paid Curt somewhere between \$85,000 to \$90,000. I'm not real clear on that, but it would be in that neighborhood.

And here again, the Bicycle Club was the largest card club in California at the time, and by government figures, was making \$30 million a year net profit.

Yes, that's right.

And that was from poker tables only.

Yes, from poker tables only.

How many poker tables and how many Pai Gow tables were there?

They had fewer Pai Gow tables, but they had a lot of poker tables and huge poker play. But as a percentage of revenue, the Pai Gow was far greater than poker revenue. It was interesting to go and observe what was going on there. My gosh! I went down there, I sat a few times and wondered, "Whoa! [laughter] What are we doing wrong?" I'd seen the kind of dollars that were being realized for each round of bets made. It was unbelievable. It

was an amazing number. Have you ever been down there and looked at that?

I haven't seen the Bicycle Club, but they're taking no risk.

Yes, they're at no risk.

The house took no risk in it.

Then I went over to see the Commerce Club, which is now the highest revenue producer. It's pretty good. Then there was a guy that used to help us a little bit with marketing—an Asian fellow, Walter Shui—and he consulted with us for Table Mountain and assessed some locations that we might have been looking at, because we were thinking of poker, too, for ourselves here at American.¹ He took us around to see several of the clubs down there. We went to the Commerce Club—amazing! Well, I haven't seen the Bicycle Club since it was redone, but the Commerce Club was really a pretty casino. I mean, by those standards. It doesn't come close to anything that we have here, but it was fairly well done. And now he is with the Crystal Park in the City of Commerce, which has a Radisson Hotel, and then they have a poker club attached.

They've really moved on into the next generation in Los Angeles. Walter is now doing the marketing for a poker club. He opened the one in San Pablo for Ladbroke, and the last call I had from him the other day, he said that he was considering going back to Ladbroke to work at the Bicycle Club, because Ladbroke was buying the Bicycle Club.

So you get Curt. You were just going to give him some comparative compensation, because the company situation in California was all new after you got to Atlantic City. So the idea that somebody could be making \$100,000 plus in California didn't exist in 1985.

Oh, no way!

Not when you went to Atlantic City.

But when we came back, it certainly was there.

You had to bid against them and yet couldn't bid against them. You couldn't pay more money, so he came back for a reason. It's kind of an interesting sideline of Nevada. So now you've got Curt.

Now I've got Curt, and he was a great administrator, knew the numbers, did fairly well in trying to create an atmosphere so the dealers would be friendly and yet not too friendly, because he understood the risks in that. Established some good things, some real strict dealing procedures that, hopefully, they're still adhering to and a lot of things like that that had been kind of haphazard. Because of our frequent change in management in those past two or three or four years, we had lost that kind of professionalism.

What year was it that you hired Curt?

Either late 1991 or early 1992.

So it's really only a couple of years.

Yes. See, Paul resigned when I came back at the beginning of 1990, so I put Jack Crawford in, and Jack was casino manager for probably most of 1990. Then I hired Michael Moore, and he was there through maybe not all of 1991, and then I brought Curt in. So we'd had several casino managers since I returned, when Paul had been there for a long time and then Charlie before him and with Bruce just in-between. That was more changes than anybody had seen around that casino in a long time.

Certainly more than before you went to Atlantic City.

Right. Curt was an excellent administrator. He knew and understood the procedures that should be followed in a good casino operation. In fact, he initiated several—which I thought were very good—seminars for the dealers about how card cheats worked, and he really got into some things that were meaningful, I think, for our group. He really did a great job. He did a good job, and he survived my tenure there. As a matter of fact, he was there until

somebody came down the street from Boomtown and asked him to come out there to run the whole thing at a considerable increase in salary.

He went out there as general manager?

Yes. Opened it. They hired him when it was under construction.

So that was probably 1995?

Oh, it opened in 1994, I believe. It opened in 1994, and he went aboard there. Well, the change with Frank² at the Four Queens took place in January of 1993, and before the end of 1993, Curt had resigned to go to Boomtown to oversee things. You need a general manager on board almost from the day you begin construction. But anyway, he was pretty much in charge of the whole design and how the place was to be built and run. And he did, I'm sure, a pretty good job for them.

Were there any other manager changes when you got back?

Let's see, what else did I do? Cindy Connors came to me in the summer of 1991. As I told you earlier, Cindy was our chief financial officer, and she announced that she was resigning to go with Bob Maxey when the Rio opened. I felt terrible about that, and I think she, in the end, regretted going, but I'm not sure that that's exactly right. We've always remained and always will remain good friends. She had to do what she thought was best for herself, and she saw that as being an opportunity and felt that there were uncertainties at the Four Queens. We'd come back with not a lot of cash and not the rosiest future in the world, and she obviously knew all about that. I don't blame her for wanting to protect her career and where she was going. I guess she thought that maybe she really had a brand new challenge over there.

That would be another one where, financially, the new place could probably offer more.

Yes.

Again, if there was more opportunity for money. Plus, she'd kind of started her career up there with Bob Maxey. He recognized her and had mentored her in the beginning, too.

So it was a good place for her to go. I mean, she was comfortable there.

But in a way, too, one of the defining characteristics of operating downtown where you did is that you never would have "the best." That is, the best could go someplace else when they got that good.

Right, and they were going to leave you there. You were training them to go on to . . .

When your dealers got good, the tips on the Strip would probably be close to twice a day what they were getting.

I was just going to say double what they could make.

And the same thing would be true of a pit boss or anybody going to the Strip.

Oh, yes. The salaries were higher.

Considerably more money and oftentimes double.

Yes.

In the case of your casino manager that you had that came from Circus Circus, probably that job there would have paid more like three times what you could afford to pay.

Yes.

So there always was a ceiling on the amount of cash you could focus on downtown.

Right. Pretty sad tribute, isn't it?

Yes. Did you feel that?

Yes.

All alone?

Yes, but you just couldn't attract and keep the kind of management, or if you did get some first-rate people, eventually, they were going to be gone, because there was so much opportunity. We were in such a growth pattern—still are—that there's a huge opportunity for people that are good and know their business around here. There really is. I've said that so many times—publicly, privately to a lot of people—because it's really an amazing opportunity time here in Las Vegas and has been over at least the last eight or nine years. We've experienced this huge growth.

For a place like the Four Queens, it is almost a catch twenty-two. You don't get as much of the customer traffic, sometimes, because you don't have the best management, and you don't have the best management because you don't have the customer traffic. You don't have enough money for it. It goes around and around in a circle.

It all feeds itself.

Yes, and you can't afford to invest as much, because you don't have as much.

Right.

The only person that was an exception to that was Steven Wynn, but he invested money that he was making someplace else to pull the Golden Nugget out.

Pull the Golden Nugget out of the same category that the rest of the casinos in downtown were in.

Well, that must have been . . . You came back from Atlantic City. Before you went there, you didn't know the difference as much.

No. He was a six hundred-room hotel; we were a seven hundred-room hotel. We had somewhat the same type of casino area. He had a nicer facility in that his rooms were upscale from ours, and he had a beautiful pool area in this thing. When he built the rooms, or right after he built the rooms, he put in a very, very nice pool area, which I'm sure

you've seen there. That was always something that we lacked. We didn't have any recreation area out back, and for a long while, they let our customers go over there. If they were customers of the Four Queens, they could show their Four Queens identification, and they could go and be at the pool over there. That was a help, but of course, that was still on somebody else's territory, which you don't like, you know. But you weighed that against having something to offer your customers.

When you came back, this must have all been even that much more apparent. Not having an M.I.S. department, looking at new computers, and seeing what the world's like.

Yes, right. We just can't stay in this . . .

And the second time, you didn't even have the money to do it. The first time, you at least had some money. Your problems are worse, and you've got no money.

Now we've spent every penny to get ourselves out of Atlantic City, preserving the property and the right to operate that property.

You said with Michael Moore that you should have recognized sooner what the trends were and made decisions sooner about him. If you had looked harder, you could have seen it. And one of the questions that I would have about that is that when you came back from Atlantic City, did you have the same enthusiasm? Could you look as closely and get as involved as you'd been the first time through, or were you so wounded by Atlantic City that you just weren't . . . ?

Really. Well, I think I got up to speed, but Michael, hiring him was one of the first acts of coming back. Not the first acts, but I was getting back into the swing of downtown, into thinking in different terms than you think of in Atlantic City. I guess I was somewhat awed, because I really felt the people in Atlantic City have a much greater dedication to their job. I think they look at it as a career, whereas people here in Las Vegas don't, particularly the line people. I think I probably said this earlier, that they don't look at it as a real profession. People

in Atlantic City think it's here to stay. That's a place where they're going to live, where they're going to spend their entire life being in that casino business.

Does that make them in Atlantic City less likely to change jobs?

Yes.

There are only thirteen casinos. There's not enough choice. But in Las Vegas, traditionally, people you talk about, like Michael Moore, can be in three casinos or four casinos in a year and a half or two years.

Yes.

And in Atlantic City, that was much rarer.

Never. Well, he opened the Golden Nugget with Steve Wynn in Atlantic City. He opened that casino, and he was there for the four or five years that Steve operated the Golden Nugget there. He was right there and had really distinguished himself. He was very well thought of in Atlantic City, but I should have looked a little deeper.

Now your slot manager at the Four Queens stayed the same.

Yes. As I was talking about making changes in the casino, Jack DeBorde told me he was going to leave. And isn't it awful? For a minute, I can't think who I made slot manager after Jack left.

Well, I told you about when the guy was walking around with his pants almost falling off of him carrying silver dollars out of the place. [laughter] That wasn't too long after I became the person at the Four Queens, and Jack was a good choice to become slot manager. He did that for a lot of years—let's say 1978, 1979, until 1990. I had him come back to Atlantic City and take a look, and he was helpful in looking over some of the things that we were doing there and making some suggestions, and he came back several times. In fact, I call on a lot of those people that I really thought were . . .

Again, you must realize that Atlantic City was an entirely different market. There were some basics wherever you go, but the customers are different, and the attitude about playing and what they should get are a lot different than they are in Las Vegas, I think. They feel as though they deserve it, somehow or other. I guess it's because Atlantic City's right in the middle . . . People aren't taking a vacation. They're doing this every day, where they make the decision to come over. It's a day trip for them. It's not someplace they come to stay and have a vacation.

They come over there, and they've got blood in their eye. They're there to win. I mean, *they are there to win*. And if they decide to come over after work, they're there to get as much as they can, in free money that we were handing out or any other sort of thing. I'll never forget when they would set up the buffet tables, particularly after the strike started in 1987. Ed set up this pretty buffet table with a nice centerpiece that was made out of food, and they would end up eating the centerpiece!

Now back to Jack. I'm sure he resigned as slot manager in 1990. I'm quite certain of it. If not, it was early 1991. So I chose Don Maedgen, a person that I had talked about earlier. He came from the Golden Nugget and became the manager of the poker room and had done a good job in cleaning up the mess after the sharpshooter that was over there. [laughter]

After he got poker fixed up, Sharon Hinman, my assistant, had used Don on a lot of things. He'd run interference. We had several changes in hotel managers, and he had sat over there and helped her a lot on the hotel side in looking and trying to straighten out the hotel, doing special projects for her. I'm trying to think, because there was something else that he did, but we had him doing a number of things. He was kind of like a Jack Crawford, you know, learning not the kind of things that Jack was learning in the table games but being in other parts of the hotel and doing analysis, because he was very good at that.

You said about Jack Crawford that you could put him in and he'd learn exactly the way it was done, but you never could expect him to

go in and solve problems or be creative, and that you had two people that you'd gotten from the Golden Nugget, that this was one of them that came over that not only could learn what was going on, but could contribute and make it much better.

Right. So Don had helped. Don jumped right in. He was very much at home with the computerization, going on-line with the slots. He understood that. He helped oversee that and helped to make that transition. He did a great job with that. He learned very quickly every kind of slot machine there was and what it would do. He didn't have Jack's long history of it, but he went out and made it his business. He was very good at that, at researching and looking at equipment that was around to see what was popular, what was being played. He did an awful lot of research, so he was really good in being a follow-up guy like that. He did a fine job in working us through the computerization of the slots and getting the on-line system working.

Don, unlike Jack Crawford, understood procedures in terms of handling employees, so he brought kind of a whole new trend, philosophy, or change in managing slot employees. Jack DeBorde and others before him were kind of the good-old-boy school, although Jack was very fair. I can't ever really fault him for that. Don brought to that department employee procedures that were designed, and he knew the reasons why they were in place and what they were supposed to accomplish. He could explain it to the employees; he could really make them see and understand why things were being done in certain ways.

I think people that were operating in the 1970s and possibly the early 1980s weren't able to define those things, weren't able to articulate to the employees why you had these things in place, whereas Don had a sense about being an administrator. He wanted to know. And when I say administrator, I don't think that's the right word to use, but he could explain to the employees and make them understand, if we were making a change in policy, why we were making it or why the policy that had been in place was important to be followed. He was able to explain that to

them, and I don't think Jack ever could. With Jack, it was, "Well, that's the way it's always been done." Or if it were a new thing, Jack would get on board with it, but he wasn't able to make the employee understand, if he were being disciplined for not following a procedure, what the reasons were. So Don brought different management skills than Jack had.

Now in Jack's era, Jack was a mechanic.

Right.

He learned the slots by fixing the slots. In Don's case, by the time he got there, he probably didn't know anything about fixing slot machines, so he managed rather than repaired slot machines and probably thought in more human terms than the other person who thought in mechanical terms of fixing.

That's right, absolutely. Describes the difference in their approach to their jobs. Because Jack knew how to fix anything—knew what it needed, knew how long it would take to get it done. Don knew the employee side of it and how to really manage them. Jack was not bashful about going out and researching what new equipment was out there, but Don came aboard when there was such an explosion of new kinds of toys, if you will. I think that was one of the reasons that Jack wanted to get out. I think he saw that the world was changing an awful lot, and he didn't know whether he had the energy or wanted to stay up with all the changes that were taking place. I think just computerizing the slot machines, putting us on-line, may have . . .

In 1977 or 1978, you and Jack were fit and new in the business, and you were walking around looking at things and getting excited, but probably that lasted until 1984?

Yes.

Then you went into a strike, then you left, and the business didn't have any leadership. And if he wasn't motivated to do the same things and to do . . .

Well, I wasn't there to encourage him to be out.

So he probably fell into a less active pattern, so that by the time you came back . . .

There were a lot of things that . . .

He probably thought, "We're going to have to change."

That's right.

That you were going to bring what you had brought in the early 1980s to the property.

Yes.

So you had somebody in-house that was capable of stepping up and doing that.

Yes. In fact, Don was great. He stayed on through the whole thing. Later on when he left, it wasn't that he was doing a bad job, it was that he wasn't supported. That isn't at the Four Queens, because they felt he was management material, but after I left, they put him into a job where he probably was doomed to failure, anyway. So that makes me feel bad. I talked to him maybe three or four months ago.

What does he do now?

You would not believe. As I told you before, Don came to Las Vegas from Texas, where he grew up and where he was a fireman. As a fireman, in their off-times when they're sitting around waiting, he and his fireman buddies would play poker, and Don got pretty good at it. He was clearly the master poker player of his firemen's group. [laughter] So then he started coming to Las Vegas, and he loved it. He was playing poker in all the poker rooms and living off of it. Well, then he was offered a job at the Golden Nugget, or he worked in several other places and ended up at the Golden Nugget in management there. I think he was assistant manager when he came over to straighten out our poker room.

So when I talked to him the other day, he said, "You will not believe, I am playing poker again," and he said, "I'm doing all right." [laughter] He married a girl that he'd been going with. He had never been married before, nor had she. They got married after the change had taken place at the Four Queens, but I still was in touch with everybody. But anyway, he and the gal got married, and she's the beverage manager at one of those Primm properties out there—either Whiskey Pete's or the new one, I can't remember which. But anyway, she's out there. So they've bought a home somewhere between here and there, and he plays poker.

So I said I thought I might have a project that I wanted him to go and scout out for me. It never materialized, but anyway, I said, "Would you be willing?"

He said, "Sure! I'll go take a look at it." And it was a poker room.

I said, "But you're not getting back into any kind of management job."

And he said, "No, I'm doing real good just playing poker."

What's his last name again?

Maedgen, a Texas guy. Still has that twangy accent. He was a good kid. I mean, we got along well. When he came to work for us, he had to be in his thirties. What was it, 1983, 1984? He turned out to be a great employee.

So when you came back, you were saying you did this to get the on-line slot system going.

Yes.

You went through some management changes, and we must be getting close to where it starts to . . .

After I came back, the stock price was dismal. The public, or the stockholders, viewed our company—even though it was a new beginning—as having gone through the Chapter Eleven. It was not looked at as a really positive kind of investment. [laughter] In the finalization of settling with the secured stockholders and bondholders, our final

agreement with them was that they would accept whatever unpaid interest there was that we couldn't satisfy in cash with stock in the company. So on the day of settlement, which was in late 1989, there was about \$9 million in unpaid interest. But we had no cash left over from the sale of the property to pay them with, so they got stock in the company.

We were looking at the average price of the stock for the thirty days before the strike date that we'd set, with a 20 percent discount off of that price. Well, the price was dismal. The price was dismal. It was under a dollar. I mean, it was horrible. It was thirty cents. It was something terrible. Oh, just awful! So they, as you can imagine from that kind of a price, were dealt a *huge* chunk of the stock, which was my downfall, because I had all that stock out there in the hands of these guys who were traders. That's all they are. They're not investors, they're traders. So we were always under that threat of where that stock was going to end up. It was in the hands of a number of investment banking houses, but it was going to end up being sold. Somebody was going to come down the road and find us as an attractive place to be.

Right at Christmastime of 1990, I got stock transfer sheets, and I could see someone was buying the stock. Early in 1991, a guy named Harold Goldsmith announced that he had purchased more than 5 percent of the stock, and he was buying it up from these investment bankers. Investors accumulating stock are required to file a 13-D form in which you disclose what your intentions are if you acquire over 5 percent of the stock, and as you then begin to get close to, I think, 10 percent, you have to be licensed. Maybe it's 5 percent, I'm not sure. But you'd be willing to go for licensing. So anyway, he made the announcement.

I reached out for him, and I said I'd like to meet with him. He was out of the country, but when he got back right after the first of the year, he came to Las Vegas. We sat down and had a meeting, and he said that he was interested in it. He didn't know *really* what his intentions were, but he saw it as an opportunity and felt the value of the property

was great, and he really considered it a good investment for himself, but he didn't know where he wanted to be.

He was a principal shareholder in a company called Merry-Go-Round, which since has gone out of business but at that time was a clothing shop kind of like The Gap is—those kind of stores—primarily in the east where they had multiple locations. They were all up and down the east coast. There weren't any in the west as far as I knew, because I never saw any out here, but they were in the east. He was a very wealthy guy. He didn't work anymore. He had taken a lot of the money that he made in going public with this Merry-Go-Round clothing, and he'd become owner of a federal savings bank in Baltimore, Maryland. He lived in Baltimore, and he called a lot of the shots at the federal savings and loan there. I've forgotten the name of it now. Anyway, that's the way he occupied himself. He had a home in Baltimore, and he also stayed at Aspen a lot. He loved to ski, and so he had a home there. Young guy, mid-forties, I think. Early to mid-forties.

I had a contract with the company that if there were a change of control that I would be paid certain dollars. He talked about that, and he said, of course, he'd be willing to honor the contract if ever he wanted to make a change, but he didn't want to make a change. If he got more interested in the company, he was going to buy more stock. He said that he would like very much to work with me and those kind of nice words you want to hear, right? So he came back several times in that interviewing period, and in the meantime, he was buying stock as quickly as he could.

It was in February or March, he came over, and that day he said that he really wanted to take control. He said, "I will honor your contract." And he talked about the best way to announce that he was going to take over and getting an introduction to the board, although he'd met with them. I'd had him come into our January meeting, and he had met with the board. So he was on his way to take over the Four Queens.

That afternoon, he got on his plane to go back. He had a private plane to go back to Aspen where he was staying. The plane never landed. It crashed, and he was killed, as were

the two pilots. So here his estate owns this huge chunk of stock, and they don't know what they're going to do with it, but they just are going to sit on it, because nobody knows. Obviously with the shock and the suddenness of this, they were paralyzed for a while. Nobody did anything. They just sat there. Lots of other people were wandering around the edges trying to buy stock, trying to find out about the company. So we lived under that threat always, or opportunity, whatever way you wanted to look at it.

Another fellow, Frank Burrell, acquired about 4 percent of the stock from a big block that Merrill Lynch had, so he came to see me, and he told me that he would like a spot on the board. I invited him to come to the board meetings and to have all the board meet him, and so then we voted to put him on the board, because he was the largest stockholder around except for Harold's estate—Harold Goldsmith's estate. Actually, with Frank's purchase of that 4 percent . . .

Frank was a securities broker, has an office in San Francisco, is between sixty-five, seventy. He was not a young guy. And he kept telling me that he had no interest. He said, "What would I ever do with a blue-collar place in downtown Las Vegas?" [laughter] He said, "I have no interest but for an investment," and he said, "I'd like to be on the board, and I'd like to see what's happening with the company."

So anyway, Frank was on the board. Then Frank had a friend, Peter Cundill, who managed two Canadian pension funds. One was based in London. He was kind of a world traveler, and he came by, and I met him on several occasions. He was a friend of Frank's, and he ended up buying, like, 15 percent, only it was divided between his funds. He became an institutional purchaser between several of his funds, so he didn't really go over the trigger limit of 10 percent, but he controlled all of that. Or, in effect, as I find out, Frank controlled all of that, because Peter was Frank's kind of straw-boy, if you want to call it that. But anyway, he was out accumulating.

So he had some of the stocks. I'm just trying to lay the ground work. I'm trying to think. Harold had up close to 20 percent by the time he died. He was just under 20 percent,

because if he owned 20 percent of the stock, he had to have approval at the bank for the new loan we had with First Interstate, because if anybody became a 20-percent shareholder, he had to be approved by the bank or the bank could call the loan. So that was the first hurdle that he had to get past. If he became a 20-percent holder, it would trigger . . . I think he had to say he wanted to change more than a majority of the directors, and that would trigger his being licensed and also becoming the principal stockholder.

So Harold Goldsmith's estate owned 20 percent, or we'll call it 20 percent. It was 19.5 percent or 19.9 percent. Cundill owned 15 percent, and Frank had under 5 percent. Those were the sharks out there that were kind of circling in my world of being president and chairman of the board of that company. Those were the guys that were out there looking in.

After Harold was killed, Alan Berkowitz, I guess was his name, became executor of his estate. Alan Berkowitz was a good friend of his, number one. Number two, he was an accountant by profession, so he really was going to manage the dollar side of his estate. He and Harold's wife [Beth Goldsmith] were called trustees. They weren't called executors, they were called trustees, I think, and they each had a different role. They had another person, who I forget. They had three of them. I never did meet his wife, although I talked to her on the phone . . . his widow.

Alan would come to see me from time to time, talk about the property, but all he cared about was the price of the stock. He had no interest in the management of it. A couple of times in that last year—in the year of 1992—when he came by, he said, "Well, Jeanne, we're going to have to make some decisions about the stock. If you can put together somebody to come and buy this stock, you know, my stock, I'll make you a hell of a deal," and that kind of talk. So I did try, and I never could get enough dollars put together, enough commitment. I got a half million dollars here and a half million dollars there, but I never could get enough. Let's see, if he owned 20 percent, he owned . . . There were 60 million shares outstanding, so probably 12 million shares.

And they were worth about how much then?

He was looking for a buck.

That's really not a lot when you talk about putting up control of the company for \$12 million.

No. Oh, we had a reverse stock split, too, where we gave one share for five. So we brought the total outstanding shares after the reverse stocks, which took place in 1992, to 12 million shares. We had 60 million outstanding, and we gave one for five, and we ended up with 12 million-plus outstanding. He went through the reverse stock split, so instead of owning 20 percent of 60 million, he owned 20 percent of 12 million or 2.4 million shares. Anyway, whatever the number was, I wasn't able to put the money together to buy those shares. So 1992 just kind of wound on, and I knew that Al Berkowitz was getting anxious to sell.

I knew that there was another interested party, Arthur Burns, and he worked for a small investment-banking firm in New York. Through the shares that were dealt out when we finally settled with the bondholders, his firm had bought several million of the shares, too—like 10 percent. I think he had 10 percent of the shares. So he also was part of this group that I knew were very unhappy. The price just wasn't improving. The earnings were not getting better. I was just as busy as I could be trying to cut expenses, shave down departments, or reengineer the whole Four Queens, which I'll get into.

Notes

1. Jeanne began work as a consultant for American Casino Enterprises in 1994. The company later changed its name to American Vantage Companies.
2. Frank Burrell became CEO of the Four Queens in 1993 after purchasing a large quantity of Elsinore stock.

THE FREMONT STREET EXPERIENCE

I was trying to convince everybody on that street that no matter what it took we had to get ourselves into some kind of a joint promotion to change the street. The public's perception of downtown was that it was not clean, it was unsafe, full of vagrants. You were either going to get your pocket picked, or you were going to be assaulted by homeless people. Now, 90 percent of that was perception, but I don't care whether it was perception or not. If the world out there believed that and you had people working in wherever they worked—the beauty shop, the barber shop, the casino, the grocery store, wherever our visitors came in contact with people—talking about downtown that way, we were damaged.

It would be said many times in many different ways, but the message from the people working in those places was, "Oh, don't go downtown. Any one of these awful things may happen to you." People were saying that. So that perception, even though it wasn't nearly as bad as it seemed, when it was said so many, many, many, *many* times to so many people, it became a real thing. No matter what we did, there wasn't any kind of marketing that we could do unless we really dramatically changed the street and did something totally different to make people believe that they should come downtown, there was a fun place downtown.

So I was so intent. I spent all my waking minutes trying to dream something up, along with everybody else, because we'd all finally arrived at the conclusion that nothing good was going to happen to us. Our revenues were going to continue to decline unless we were able to get something together.

By "everybody else," you mean . . . ?

Other casino operators.

Other owners?

Downtown owners, yes.

And there was an association that your husband had helped start.

Yes, the Downtown Progress Association. We would gather regularly. We had many, many meetings and looked at a number of different things, got the city to fund proposals from four or five really top design firms, much like you're doing in Reno, with ideas about what kind of attraction we might put on the street and how we could change ourself as quickly as possible and what we needed. We put it all in the hopper, and then all the owners needed to agree.

We looked at all these different proposals, and Steve Wynn came with the canals, and I'm sure you remember that. He built the model and showed how we were going to make our Fremont Street into a canal where people would ride up and down in their gondolas and be transported. [laughter] Nobody had thought that would be the answer. We were impressed, because he spent a lot of money. Really did. He built a beautiful model which photographed very well, and so we had all these gorgeous pictures of what we were going to make Fremont Street look like, superimposed on our street. And it looked great.

Did he really mean that, or was that just a play to jump-start everybody and really get them to think seriously about it?

No, I think he meant it. He had a real thing about water, people having water around. He was so impressed with the hotel on the big island, Hawaii. It was considered in the same breath as Mauna Kea, and it was called the Waikoloa. You got to your rooms by taking little boats. You could get transported to your rooms by boat, and oh, he wanted us to all go there. He was ready to put us on a plane. "And you've got to go to San Antonio and see the Riverwalk. And I've got to have you go to Hawaii and see the Waikoloa. You'll understand what I mean!"

But the city was not in favor of using water that way. There's some water that is turned out of our system that hasn't been treated enough to be drinking water but isn't polluted water, and you could use that. A lot of that is just runoff. So Steve Wynn was trying to figure out a way. He really did spend a lot of time and money trying to find out a way to channel that water for use in the canal, to try and pipe that in. Anyway, he was *serious*.

We talked about his genius and his showmanship and his understanding of what it takes to get people excited and to make the casino work. Do you think that if it had been his to do, he could have done it?

I don't know. Since we came up with the plan that we had, I think we would have

regretted it, because we would have taken up a very valuable asset that we had, which is the street itself, to have as a showplace and to have parties and to have people. I think if we made a transportation system of water down that street, that we would have taken the space. We couldn't do the things that we're able to do today in terms of events on the street, which would have been a shame in the end. We couldn't accommodate nearly as many people, have them "ooh" and "ahh" and come down in the numbers that they come down in. People would have felt crowded in that, not welcome.

I question now, looking at it, whether having a waterway downtown there really made any sense at all. It would just become a blackhole, even though I'm certain we would have tried to take care of it, but would it have become nothing, not an attractive place to be? I don't know. But we would have had the energy, the money, and all it would have taken to take care of it and keep it the way it should be and the way we envisioned it, as nice blue water. And what would people do? Would people be unkind to it? You wonder, bringing that kind of thing versus having the street as a street, which is a great gathering place, because now you have a street that's eighty feet wide. That's a big space that you would have given up. It's a showplace and a place to do a lot of things.

So in the process, Steve comes up with his recommendation.

It didn't carry the day. The city agreed to spend this \$75,000 for us to go out and invite proposals from firms that do design work like that, and they've done it all over the world. Lucas is one that comes to mind. I've forgotten the others. But anyway, we had quite an array of people, and they weren't lightweights. They came and made their presentations to us. I guess the one that we pursued out of all of them was to do what's being done today at the Hilton with Star Trek. I wish I could remember the name of the company that came up with that idea, but when they came to make their presentation, they built a model of the ship, and part of the plan was to sell all the Star Trek memorabilia. It was going to be a

life-size ship, and I don't know what the Hilton's putting in, in terms of whether they're going to have that or just going to have the artifacts from that program. I'm really not sure what they're putting in place, and I see that they have just announced a delay in opening it, too. They were supposed to open this summer, and they're not going to open until the first of the year now, so I don't know what the hang-up is.

But, we looked at that. We went to Paramount, because they have the rights to Star Trek. We tried to get into some conversation with the mayor, and Jerry Turk and I went down there and tried to talk to them.

Who was the mayor at the time?

Jan Jones. She's in her second term, and she was mayor then. It ended up that they rejected the thought—Paramount did. We were willing to get into further discussions about it, but actually Paramount rejected the whole thing. So after that, we called an emergency meeting and met at the Mirage. Steve came in, and he said, "I know how disappointed everybody is that we really didn't find anything that satisfied us all through our research and what the city has paid for, but I have a suggestion to make. Jon Jerde, who has designed the volcano and designed Treasure Island, that whole scene there, is very good at this." Then he went through a lot of the credits that he had, and he said, "I think that we should just talk to him. He's willing to come, and in fact, he's here right now. I want him to come in and meet you."

So anyway, Jon Jerde came in. Well, we voted that day to have him begin doing an analysis for us of what might work on the street. We all sent him any proposals or thoughts. He had a whole carload of material—all of our various presentations that had been made, the things we'd thought about doing. His offices are in Los Angeles, and then he came up here, and he did a very smart thing. He went and visited with each one of us individually and talked to us—each one of us, not together, but on our own turf—about, "What do you see the street as now? What are

the things that you want to keep? What is it about downtown that you think is good and that makes you think should stay in place? What is it you want to change?" He tried to get our feeling as operators down there to put into his analysis of what to do with the street.

He came back almost immediately. It was a really short turnaround with some just very, very sparse conceptual drawings of a sky parade to go down the street. His first try was like floats. He hadn't been to the Rio, but the Rio created that in their casino. They have what I call a sky parade with floats, much like what Jerde envisioned. He would build a track that would bring those floats down Fremont Street, and there would be sound. We'd have it all, you know, choreographed with sound, and we'd bring these floats down the street, and we'd have showgirls, gambling, you could do whatever you wanted in these floats. You could have all different kinds of music, floats that would feature jazz or rock and roll or whatever. There are all kinds of things that you could do, and they'd be brightly colored, and they'd come down, and they weighed a ton, and they would be on an elevated track that would travel above Fremont Street from Main Street to Las Vegas Boulevard.

Then he envisioned building a garage, and on the top of that garage, we would have an area dedicated for storage and for work, for maintenance of these floats. And those things, on their track, would just go into this multistoried garage, and they had the dedicated area where they could be kept.

So we all liked it. We thought this sounded promising. He said, "I'll tell you what. I've stood on the street," and he said, "What I see is this wonderful wall of lights down Fremont Street which you all seem to want to keep anyway. They're wonderful. There's no place else in the world like that. I see a black floor and a black ceiling. What you need to do is try to make this into a foyer for your casinos and make it into a place where people gather to go into your casinos. Make it comfortable. Not a place where they drive through, but a place where they stop and they gather and they come to, and then they go into your casinos. You have to do something to cover it, and you have to do a brilliant floor."

Then he came up with all kinds of real flashy floor designs, concrete with all kinds of designs in it. That was his first pass through. As a matter of fact, he made a video with the floats coming down the street and with music. It was a very well-done float, and we used that when we went to the city council to sell them, and we used it when we went to the legislature. It was all in our fund-raising effort to raise the financing for this, which I'll get into in a minute.

Everybody thought it was the greatest idea that ever came. We all agreed the budget was way beyond our means, so we had to go back to the drawing board. We gave up a little, and we got Jerde to say that some things weren't as expensive as they might have been, or we gave up some things. Anyway, by working with the budget for this parade, we reached a number that we thought we could work with, which was around \$70 million to build this sky parade, to create this pretty surface on the street, build the garage—fifteen or sixteen hundred-car parking garage—and have space to store the floats, have retail on the ground-floor to be rented. We were going to start by bringing in some different kind of tenants, for our floor to be a different kind of business on our street than the little kind of tacky shops that we had—the T-shirt shops and the little, funny jewelry shops and Woolworth's and on and on.

The miracle of all of this is that we did say, "We're going out together and try to raise this money. We think this is the right thing for the street." And that's really because we had never all come together before on that. Now when we began to really think about how in the world we were going to raise \$70 million The city redevelopment could contribute something, but they only contribute like 7 or 10 percent of the total cost of the project. That's nothing. That would get us nowhere. How were we going to get the money? Steve and Jerry Turk were investigating how we could be designated a business improvement—an SID [special improvement district] where you make it a district where you impose a tax on everybody and you all contribute to it and are forced to pay for this over time, if it could be bonded for and all that kind of thing. Well, that wasn't

working out very well, because there wasn't one cent of equity money on the table for this. So anyway, we all met and finally concluded that five of us who were major casinos—that's the Four Queens, Golden Nugget, Binion's, and Fremont and Fitzgerald's—would agree to contribute the first money.

The plan had anticipated that Fitzgerald's would be right across the street from the new parking structure, so the theory was that they would benefit more rapidly and to a greater degree than anyone else on the street from having that parking garage right there beside them. Well, it was, believe me, a battle, that we would each contribute \$3 million. That would be our seed money or our equity money.

Then the smaller casinos—the Union Plaza (not a smaller casino, but it was not right on the street), the Golden Gate, and the Las Vegas Club—would contribute \$.5 million, but it would be, I think, \$1.5 million from the Union Plaza and \$500,000 each from the Golden Gate and the Las Vegas Club because of their size. Their dollars could be paid over time with a certain amount down with some reasonable interest rate. So we concluded all of that. We got everybody to agree finally. It took a lot of tantrums, and Andy Tompkins walked out and said he was never going to do anything like that. Oh, I think he walked out on the canal project.

And he was from?

Lady Luck. But we finally got everybody to agree to put in. So we now had \$18 million on the table. The city then agreed to buy the land on the Fourth Street block between Fourth Street and Las Vegas Boulevard fronting on Fremont Street and south to Carson—a whole city block—and that they would use eminent domain if they had to. First Western owned a big piece of that. They had an office that faced Las Vegas Boulevard, and we were able to buy that, but we got them to agree to sell it for, like, \$3 million, and it was not quite a third of the block.

Anyway, what we were trying to do was set a strike price for a square-foot selling price, so we tried to get a way to value what that property was worth so that the city could buy the rest of it. I can't remember all of the

numbers, but the city, in two instances, went to condemnation for two of the parcels on that block, and they bought up the block. Then the redevelopment agency agreed that they would spend \$22 million and own that garage. I think they then deeded it to the new company that the downtown owners had formed.

While working on this project, we just set the Downtown Progress Association aside. Well, we set up a limited-liability corporation which we called the Fremont Street Experience Limited-Liability Company, and that was to be the owner of the improvements on all the blocks. I think once they got the garage finished, the city was going to sell it to us—the Fremont Street Experience Company—to operate. We were going to pay them out of the rents that we received from the retail that they put in. We worked it around, because we would all validate the parking and pay something for the parking, and then we'd have some paid parking in there. Between the parking revenues and the rents that we would receive from the retail on Fremont Street, we got them to sell it to us for a payment from these revenue-producing departments. I think the value of the garage was \$22.5 million, and we had \$18 million on the table, so we had \$40 million up then, working our way towards \$70 million.

We talked about increasing the room tax on our hotels. We defined a hotel that would be subject to room tax as a hotel with more than seventy-five rooms yet within a four-block area of Fremont Street, which actually included all the hotels on Fremont Street and included the California Hotel and the Union Plaza. Anyway, it ended up that there were fifteen hotels covered by this 1-percent increase in room tax. Or was it 2 percent? It was 2 percent, because we figured that if we had a fifty-dollar average rate that it would only cost another dollar of tax to the guest, because that was our average room rate downtown at that time. So it would only cost the traveler another dollar to stay.

The numbers were all done on this, and that got us \$12 million, \$13 million, \$14 million more through bonding for that tax. We had to go to the legislature, and I went up there half a dozen times, and we got our case

into a committee and took our film up there. We had Jon Jerde come and tell the legislature what we were going to build and show the film.

Of course there was a fear that if you open up the room tax issue When the last room tax increase was put in place in Las Vegas, they wrote it in such a way that it was supposed to never be increased ever again. There was no way you were ever going to get to increase it, because we didn't want to let those lousy politicians get in our pockets again. We had our story all ready. The new tax was only for hotels with seventy-five rooms, and it really targeted a certain class of all of those particular properties, a unique class that could not be duplicated.

That approval for these hotels downtown to impose that tax on themselves was tightly written and would protect this room tax issue from being opened up again for other kinds of taxes or any room-tax that was imposed in the county. We wanted to be sure that we could keep that as pure as possible, and so there was some opposition to it, although I think we had enough power with the lobbies that were out there trying to get this passed for us that

Who was opposing it?

Well, Strip casino operators might feel that this could open the door to give a politician a window to say, "Well, hey, let's increase the room tax." Now, what did we just do? Did we just do that? Yes. But to have it brought back for a thing like this may have been the critical issue, too, to fund a project like this. The precedent for that can be very narrow. If you would say that you're going to use this as a precedent, you'd have to have the participants who are going to benefit from the room-tax increase make a pretty significant investment to justify it. If you were looking at precedent to opening up the room tax for others to follow suit, you'd have to make the kind of commitment that those casino owners that were participating in this downtown project had made in terms of cash capital. You could find a whole bunch of issues surrounding that capital, too. So anyway, we did the best we could with it, and it passed. We didn't have a lot of problem with it. There were some

objections around, but those seemed to go away as it wound its way through the legislature.

And the purpose was simply to fund the Fremont development through room tax?

Fremont Street development.

This was going to provide another \$13 million or \$14 million to the development.

Right. I have a book on the Fremont Street Experience, and I was rummaging around trying to find some details that I'm missing, and I have exactly how the funding was put together for that. I think it was \$14 million, but we'll have the exact figures identified. But that was a big piece of it. I guess the next biggest piece was our commitment of \$18 million and the city's redevelopment agency commitment of \$22.5 million to buy and build a garage, yes. Those were the big pieces of this.

So, that's \$54 million with that.

Yes, and then we got \$8 million from the Las Vegas Visitor and Convention Authority. They made a grant, and then the city bonded on that grant. I think they agreed to give \$1 million a year over eight years, so from that income stream, the city bonded and got the \$8 million to put into the project. And I can't remember. I'm wrong on something because I'm not coming up with the \$70 million. But anyway, we had \$54 million, and that would put us up to \$62 million. So I may be off \$1 million here and \$1 million there.

One million here and \$1 million there. [laughter] Once you have the funding at this point, did you know, really, what the project was going to look like?

This was a moving target as Jerde proceeded with these plans, and we began to think about it, and he began to try to design for these floats to come floating down the street. It didn't really work, not in that kind of a space—and I'm talking about *large* space instead of smaller space. That's why I say that the Rio did it so well because, although it's a

very high-ceilinged room that they've put it into, you could appreciate the vastness of the float or the fun of the float.

I don't know, had we but proceeded with the floats, if we really would have had the same feeling as you have in an enclosed room. It would have been a different thing, and if you suspend these things from one hundred feet up That is the apex of that roof we have over Fremont Street—that framework that we have—and even if you drop them fifty feet, they're still fifty feet off the ground. So the feasibility of that was in question. It all sounded grand and glorious when he presented it, and he drew some great renderings and had a very convincing argument in the beginning that it would work. But when he tried to design it and began to look at the space that he had to fill, he found that it just didn't work.

So anyway, they did a lot of investigation using the sign technology to develop the whole ceiling with a digital display of lights that could be changed by computer. But through the programming, you could build whatever colors and images you wanted on that ceiling. At the highest point, it's a hundred feet, and then it rounds out, and it covers eighty feet of ground, so that ceiling is somewhere around seventy or eighty feet wide. Do you see what I'm saying?

Yes. It's a hundred feet high at the apex.

High at the apex and then circles up.

Then it comes out in an umbrella shape and just basically covers this . . . ?

It's all attached to the buildings along the street. It's built on a framework that tries to attach to or go behind building structures, so you feel as though you're enclosed.

Right. What really is enclosed is all of Fremont Street.

Yes, four blocks.

But at this point, the umbrella enclosure was an easy design, but what to do to make it entertaining was still a struggle.

That's right, yes. Now you have to design a show for this digital lighting system that has been built into the ceiling. And that was no small project, because to develop a program you had to choreograph the light signals as well as sound to give you whatever the impressions are that you want from that show. Then we put in a very sophisticated, huge, strong kind of sound system that makes you feel like . . .

The shape and the covering and all of that and the \$70 million, originally, was going to do the floats, too, right?

Well, we didn't anticipate that we would have this digital ceiling. We would simply have like a lattice. Remember they built that big structure in Phoenix or somewhere over there where people went in to live?

Yes. Biosphere, I think they called it.

Yes, Biosphere. Well, it's the same framework. The same company that built the Biosphere built the framing that went over our project. So if you remember seeing pictures of that, that's exactly the kind of structure. Originally, the plan was that what you would be looking at would be open but would cover; and then you would have this very strong column going down the center, well supported, on which you would suspend these floats. Now, the change that took place was that we were still going to have the sphere, the same material, the same look, the same kind of building, but no longer will the floats move down the street. There will be no floats. On the surface of that sphere structure, we installed this digital lighting system that's always used in the signs that keep popping out images to you in different colors, and that's all programmed, so we covered that entire surface with that digital light system.

And how did the decision come as to what to do next?

Jerde came to us, the Fremont Street Experience board—or it's still then Downtown Progress—and said, "This sphere isn't really feasible. It's not going to work, guys, but for

the same price, we will get this ceiling built." Then, of course, he came in with an absolutely fabulous description, some drawings and so on, to show us that if we covered the ceiling with the lights and did the right programming and had the right sound, that we would have this wonderful show, that nowhere else in the world was there anything like it. May never be, but it will be a long time before there is. And it could be all enveloping; that you would really feel like you were in a room and that you were seeing . . .

It was truly accomplishing the purpose of what we wanted this for. Remember I told you that the street was to become a foyer for our casinos and that we'd use it as a meeting place, a gathering place in front of all our casinos? Whoever chose to could open up into that meeting area and become part of it and still retain our wall of lights. But then we no longer had the black sky above and dark surface on the ground. It's light-colored paving with some design in it, which enhances the whole environment and gives you the feeling that you're in a place, a building, instead of on the street. You don't feel like you're on a street.

It seems to me that the project has changed in nature; not just that you take the floats out, but the floats are a fixed concept. Once he designs the floats he may have to redesign once in a while, but that's part of what you gave your \$70 million for. Now he says, "I'll give you the technology," but now, somebody has to create a program. The entertainment element that goes into that technology is going to be pretty expensive, and we don't even know where in the world is a creative person who can use all these things to produce something that's really going to be the kind of entertainment that you need to compete with the Strip.

I'm just trying to remember, and I can't really remember the cost of the first show, which lasts seven to eight minutes. "The Odyssey," I think, is the first show that we did, which is the one where a plane crashes. It's like an enormous meteor hitting our planet and then all the things that happen, and you go through a jungle phase, and you go through a water phase of what the experience is, and

then you finally come to what we are today. It ends, of course, on a patriotic note with the Stealth Bomber flying down the street and an eagle coming along and unfurling the flag and things like that, all done on these images. And then with the right music, so you can get into this thing.

That lasts seven minutes?

Yes.

And then how long is it before the next show?

One hour.

One hour. So every hour, and are they still using the first show or do they have . . . ?

Yes.

So they only have one show?

No, no. We made other shows. When I say "we," this was done after I was gone, because I left before the thing ever got really built.¹ I mean, I left before construction was completed in late 1995. I stayed on the board all of 1993 and was a consultant and vice chair of the board until early 1994. When I left to join American Casino, now American Vantage Companies, it was in 1992 to 1993 when we were going through the design process, finding out where we could get the money. We were getting all our funds put together so that we could actually pull the trigger and say, "Go ahead and build this thing." So by the spring of 1993, we had all the money put together, and we pulled the trigger, and we started construction.

We started construction late in 1993; got it completed by the fall of 1995. That was really the timing of this thing. And that's why I say I wasn't around for the later stress when the shows were being developed—or *the show*, because the "Odyssey" was the first show, and that was what we were going to open with. Then as we approached, we realized that our opening was going to be late in 1995, and we hosted a party on our street, and we did make this opening the hoedown, which was the kickoff for the rodeo. It's the night before the

rodeo actually starts. There are no rodeo events on that Thursday, but it's the Thursday night before the rodeo starts.

The rodeo is the national rodeo finals?

The National Finals Rodeo, yes. The NFR.

And that's in August?

No, no, in December.

December, OK.

Yes, December. Great. So the actual event begins like on the first Friday in December, whatever date that is, and then the hoedown, which is what we called this opening-party gathering, is the night before the rodeo actually starts. All the contestants begin riding their horses or bulls and get into their act over there. We decided that, well, in addition to having this "Odyssey" show complete that we'd better have some kind of a western thing, so we built, very quickly, a western-themed light show for that. So we opened with two shows.

We opened with the "Odyssey" show and the western show, which is still being played as well. It's kind of one of those things with a lot of western music and western image things that you're going to get into. You kind of want to dance, and it's an energizing show. It isn't near the creativity that went into the sophisticated kind of images that were in the Odyssey show. The western show was much more straightforward; just wonderful images as well, but it's a different kind of show.

Since then, we built something called "Viva Las Vegas," which is an historical thing of some of the images of entertainers who have been associated with Las Vegas, some of their songs, and music that they have made popular. Those are the kind of images and impressions in that show. So those are the three shows that I think we've invested in, "we" meaning the Fremont Street Experience Company.

Probably the first show was built mostly not with actual operating funds like the last two shows but was done out of our original budget. I hate to quote prices, but I think for the building of these shows that we're looking

at \$200,000 to do the programming and the choreography. It's not been an easy thing to do, because you're quite right: there aren't a lot of people in the world who know how to design and edit a show like this, and you need a team. You need people that have expertise in animation. You need people that have great expertise in sound, and you need, of course, the top editing people that can put all this together and make it work.

Just hearing about it now and not being a part of the process anymore, hearing that it's really a neat trick to, first of all, decide on what the theme of the show is to be . . . I don't know who they're seeking advice from and counsel from now as to what the theme of the show should be. But once you do that, then certainly there have to be people from the casino group and the board who will listen and can hear and have some sense about the production of it—how it's coming along—and they'll do tests of different kinds. You can get the feeling. Of course you'll see a lot of the animation and what they're doing.

You were on the board through the beginning of 1994?

On the board of Elsinore.

On the board of Fremont Street, too?

Yes, and on the board of Fremont Street Experience. It became the Fremont Street Experience Company in mid-1993. Before that it was called the Downtown Progress Association. I was a member of the Downtown Progress Association, and then when the new company was formed and everybody put their money up—I think the time we had to have it up was by the fall or the winter of 1993 or 1994—a new board was put in place.

Well, of course, I was still on the board of Elsinore, and I'm still a consultant to the company, and I guess I was hopeful that I would be the representative from Elsinore to be on the board. That was probably one of the first things that was a blow to me, because that was not the way it was.

Ed Fasulo had become the new operating head. He became executive vice president, which was the title assigned by Elsinore, and

director of all operations at the Four Queens. That's the best way I could describe it; not of the entire company but of just the Four Queens. He was appointed by the board to be the representative on the Fremont Street Experience Board, so I never became a member of that board, although I was chairman of the Downtown Progress up until the time that it was just left in limbo for a long time and nothing was done with it. But it still was an association whose name and rights belonged to this group, the Fremont Street Experience Limited-Liability Company.

So I still was very active and, now, encouraged to be, by the board and by the company, to remain active because I was the guy who had the history on the project—the real history on the thing. I stayed active in this and even stayed on the board—the board of the Fremont Street Experience—like an ex officio member of the board, which is what Don Snyder called it. He said, "You have a board seat on this," and so I attended all of the meetings, and I was probably just as active or more active during the remainder of the time I was still on the Elsinore board as I always was. I contributed where I could until I left, early in 1994.

I still remained on the board even after that and did attend board meetings on and off, oh, for the last two or three years. I haven't been to a board meeting this year, but I went regularly through 1996. I was pretty aware of all that went on, although I was certainly not on any committees or casting a vote as a member of that board, but I was certainly there and knew what was going on, what the board was voting and what they were doing.

So when "Odyssey" came up, the board did some sort of a test presentation, and then the board of the Fremont Street Limited-Liability Company reviewed that and voted whether or not to continue to develop that concept?

To develop that concept, which we did. We went on and had it finished by the end of 1993, and also in the last months of 1993, we put together the western show, which is also part of the inventory of shows. I think there are only three shows. I could be wrong about that. There may be more now.

*And when did you hire the executive director?
As soon as you formed the company?*

Well, during 1992, one of the things that we all realized when we came to grips with this project was that there was not going to be a business improvement district or capital improvement district. That would take us forever to get that organized downtown. So that was when we had those come-to-Jesus meetings with all of us sitting around that table in 1992 and all coming with, "Well, we will put some capital on the table. This is the way we're going to get everybody's attention and be able to attract other financing." So that's what we did. At the beginning of that process, we knew that none of us were going to act like the executive director or the president and go through forming a business plan and a marketing plan.

So you realized before you ever got into that company—when you just decided to put the money up—that you were going to have a professional or a full-time person, and you were working with a company of John O'Reilly and Don Snyder.

John O'Reilly and Don Snyder formed this consulting company to help advise people on matters like this.

John O'Reilly was a former . . . ?

Chairman of the Nevada Gaming Commission, and Don Snyder was the former chairman and CEO and president of First Interstate Bank.

Interesting partnership.

Yes. Don I got to know because First Interstate Bank, if you recall, is where I went when Bank of America—or Valley Bank, at that time—was not interested in lending Elsinore money to refinance the Four Queens. So I went to F.I.B., and they agreed to refinancing the Four Queens. Don Snyder was chairman of the Nevada F.I.B. system of banks, and as I told you, Don is a fine guy and a very bright person, and I'm sure he was an excellent banker in his own right. But those were the years in the mid-

1980s to late-1980s when the savings and loans and banks like that got in big, big, *big* trouble, because when the bank examiners came in and wrote down anything, they had to increase their reserves which hurt earnings terribly. Although it was a book entry, that was the "kiss of death" to the shareholders and, as always when stock prices fall, all you need to do is look around the scene of who takes the blame.

It's usually the guy at the top of the company that, right or wrong—some are right and some are wrong—becomes the "fall" person for this change of fortune in the company stock, and that's exactly what happens. I watched it and had it happen to me, and Don was part of that.

Of course history has said that Don Snyder was probably a damn good bank president, and F.I.B., in its later life in the 1990s when banks are doing very well, could do no wrong. They had to reverse all those excess reserves that they had built as an artificial entry, one that they had to make that really didn't have any meaning but was insisted on by the regulators. Now they had all these huge reserves. They had to put it back into income, because what they had done originally was to dilute their income significantly. So when they added all this income back, the bank stocks were reaping the rewards. Oh, and everybody's standing around just taking all the kudos, "How great I am!" And they are living off of these . . . I'm sure the bank was doing well. I don't mean to say it wasn't, but much of those earnings in a couple of years were from having to reverse the reserves into income. Kind of interesting. So Don came with a great credential to us, as well as John O'Reilly.

Originally, they just did market research for you.

They did the market research, in the beginning, for us and did a business plan for us and got us sort of put together so we could go to the city and begin discussions with them. Quite a bit of research was done by John and Don to give us credibility—to furnish some information that went into our document of the Fremont Street Experience Project. Don lived with us through a lot of this experience.

Now, I'll put on my other hat. We operators and owners on Fremont Street didn't think much of hiring consultants and saying that somebody's going to help us to run our business down there and tell us what to do. We didn't want to pay somebody the kind of money that you should pay if you want a guy that's really capable of pulling a project like this one together. [laughter] It was a very complex project. First of all, you look at the group that's going to make the decision, and then you look at who the candidates may be. It's kind of mind-boggling for us to make the decision to dig in our pockets to do it and believe that there is a person—and there were only a few—that would have the credentials necessary to do a decent job. I mean, think about it—this person is going to come in and manage this. That was what his agreement with us said, that he was going to manage this through our opening—really getting this off the ground, to manage all aspects of this project from inception through completion. Everything that happened in between is what he was going to manage for us.

I'm just assuming from his banking background that Don probably made more as a banker than any of the CEO's of the downtown properties.

Well, not those that were owners, no.

But any of their operational people, whoever they paid to manage their property, because none of those people were the managers. Well, I guess they may have been, but most of them had somebody just to manage it.

Right. Well, Mel Exber ran his property. Craig Ghelfi or Mark Brandenburg had run his. Jackie Gaughan ran his. He was the member on the board. Jack Binion, of course, had a representative there. Bill Boyd had a representative there. Steve Thompson was the general manager and executive vice president or whatever titles they gave him at the Fremont Hotel. Jerry Turk was a real principal in that sense. He sat on the board.

That's Fitzgerald's?

Yes, Fitzgerald's. I was there as president and CEO of Elsinore. I mean, during these years when we were making these kind of decisions, Barry Shier was running the Golden Nugget, but Steve Wynn, believe me, was a very strong force in this and came to many of our meetings, although he wasn't the true representative on the board. But we all listened; he had lots to say. And it was through his suggestion of our talking to Jon Jerde that we finally arrived at the plan that we did, so he was very influential.

Again, I say taking this cast of characters and having them agree to pay a fairly good salary to a guy that we were going to have to come in and manage this whole process for us was an interesting challenge, but we arrived at it. Don was very credible in the way he did it and the way he presented whatever he thought he should be paid in an annual salary. He asked for \$100,000, but then at certain points as the project proceeded, he had certain bonuses built in that were equal to his salary. You see, if he were as successful as he thought he could be, he was then rewarded. So he had several bonus points in there, and of course, by the time we *really* saw how capable he was, how much he did for us, *nobody, nobody* in the world complained about his salary or his bonuses. *Nobody*. There was not a negative voice, as far as I know.

You argued about everything else but not about his salary. [laughter]

We didn't argue about his salary. Anyway, we chose him to come on board to manage this process, so he set up an office. We had working for the Downtown Progress Association a young woman named Kathilynn Carpenter, who was a very rare find. Don interviewed several people. Bill Briare, the former mayor of Las Vegas, had been the executive director.

Of the Downtown Progress Association?

Of the Downtown Progress Association. As we progressed with our thoughts on getting into something a lot more than just being an association, we decided that we needed a different kind of person. We needed more of a

marketing person than Bill was and just felt a change was necessary. So we decided to make the change, and Barry suggested Kathilynn because she had been a longtime Golden Nugget-Mirage employee. She'd gone between the two.

She'd been in marketing and special events and other similar projects like that, and she had an interesting background. She graduated from the University of Nevada, Reno in 1980—I think it was in 1980—as a journalism major. She was a great writer. She had a lot of experience, and she did a really credible job in writing. She'd worked around. She'd been up there. I've forgotten what she did in Reno. She had several fairly decent jobs.

She'd just applied, too, as a matter of fact, for the executive director position, only you don't call it that, of the visitor and convention authority up there.² And Leo Seevers is the northern operating officer of Pioneer Citizens, and he just beat down the door. He could hardly wait to get to me to tell me how impressed he was with her. He said that had she had more experience, she would have been their first choice. In his view, that was the way he felt about it. She's impressive, and she's young, and she will do well. I mean, she's just that kind of a person. Anyway, we all agreed on her, and so she and Don were the ones who really worked through the whole process of putting this together. They were our staff; they were our consultants; they were our guys that made it; they were our face to the community. Kathilynn took all the press calls, made all the statements to the press, wrote a lot of descriptive pieces that went out about the Fremont Street Experience, did all the press releases, did everything in that sense.

And she was still working for the association?

And then became a Fremont Street Experience employee.

Oh, she went over?

Yes, and then she became a Fremont Street Experience staff member and became the vice president. I'm just trying to give you a picture of how it grew and how it began. So she and

Don then hired staff, but we had them in offices at the First Interstate Bank Building. Don and Kathilynn stayed in the First Interstate Bank Building, the Downtown Progress offices. We'd added more offices over there until the garage was finally built then moved the offices over to the garage building. The Fremont Street Experience Company then, had offices in the garage building that we built as part of the project.

So anyway, Don had an enormously complex job that he took on, and he certainly gets an "A," I think, in everyone's book. I don't think you could talk to anybody who worked through the Fremont Street Experience who was critical of the job that Don did. He did a great job for us, as did Kathilynn. It was a good team, but both have gone on to other things now.

He went on to work for . . . ?

He went to the Boyd Group as president. Well, you know, Chuck Ruthe resigned at the first of the year, and Don announced last year—in fact right after the beginning of 1996, in the winter of 1996—that he'd gotten the place [the Fremont Street Experience] complete, that he'd gone through the first year of operation, and that he now wanted to move on. He gave the board six months to find a new president, so that's when we started looking around, and Kathilynn was under consideration as well as a number of others.

Kathilynn could have done a good job. Now I don't know whether she had the depth of experience or the presence to become the Fremont Street Experience president and CEO. It's still, maybe, too early in her career for that, but unfortunately for her, they hired a guy that He's OK. I mean, I haven't seen him do an awful lot, but he's a fellow that came out of Disney but had begun his career in Nevada. I don't really know his background. His name is Mark Paris, and he's doing a good job. He's a good communicator. He can handle the meetings well. He writes fairly well. I'm impressed with how he's keeping the board advised of ongoing business. I think he's doing A+ in those kind of things. But like with all things, for Kathilynn it was terribly difficult

after having been considered for the position and then not getting it. And with Mark coming in, Mark wanted to establish his authority in the company.

Kathilynn resigned not long after Mark Paris took the job, and I think it's probably just as well for her, because she felt stifled. She felt rejected, and that began with her consideration for the top position. So she moved on, and that's the way life goes. I think she's fairly philosophical about it.

I don't think Mark would ever be critical of her. I think he would just say, "It's best for the organization." That may be true for him to be what he expects to be or wants to be and for him to have the authority he wants to have, and that's probably the best thing. That gives him the right working environment. I'm not arguing with that or saying that that's bad either.

Yes. The Downtown Progress Association started during your husband's tenure, and you lived to the end of it to go to a new company?

Yes.

And it finally really did probably what your husband envisioned it some day would do.

Some day it would do, but . . .

Demonstrate real leadership. When presented with enough of a challenge, they came up with a solution.

That's right, but unfortunately the challenge had to be a bad challenge. It was not a good challenge, you know. The reason we got together was because we were facing deteriorating everything, from revenues and profits to buildings and streets. In the end, I'm almost convinced that people in good times are never going to say they can work together, but when things get tough, boy, you reach out for everybody around you, and I think that's the lesson out of all of this.

In 1997, is the Fremont Street Experience what you had hoped it would be? Is it doing for

downtown Las Vegas what you had hoped it would do?

I believe it is. I think there's a certain level of unhappiness and disappointment, because, of course, based on the plan to go forward, several things would have happened. The retail space in the garage would have been rented. It's prime retail, now, today with the numbers of people that are on Fremont Street. And of course, with the challenges that we've had to the city's condemnation process to acquire several of the pieces of property on which the garage is built, that has limited the ability of the Fremont Street Experience Company, since the city built the garage and gave it to the Fremont Street Experience Company. We've talked to several very notable retail types of businesses that would have been a real credit to the street and something unusual, something that would have been a high-rent district, but the company has been unable to reach a suitable rental agreement with these companies, with the high visibility retailers, with the cloud of pending litigation, over the eminent domain.

What happened was that the city condemned that land to build the parking garage? Took the land?

Certain parcels. There were a number of owners. I can't tell you how many but probably six to seven owners on that block.

And now those people are suing?

Only two of the owners. The rest of the people were happy with the price. They agreed, they came along and said, "This is more than we're ever going to get," and so they took the money. The first thing we got the city to do was purchase the First Western site to establish a comp price, and First Western was a willing seller, wanted to get out. So they sold, and they owned the biggest portion of the block, so the city bought that and established, if you will, a comp price per square foot.

Your comp price being a comparable price list?

Yes, for others to base value on; for the city, in determining what the rest of the block could be purchased for, and for the owners of those properties to see, "Well, what am I going to get? What's my best shot here?"

So for the limited-liability company, renting that space would have completed the income?

Well, it would have been a major source of income to the Fremont Street Experience Company, which we do not have. Plus, to me, not having those areas rented and having them just . . . They're not shuttered, and I don't mean they look terrible, but just the idea that they're not open is to me a failure in a certain fashion for the company. It's an image problem.

But the entertainment value of the Fremont Street Experience, is that working?

Yes.

You were trying to compete with . . .

The volcano, the pirate show, Caesars at the Forum, those kind of things. And I think we've been effective in competing with those, but I think that we need to add to and make ourselves even more viable by renting that space—I call it a high-rent district—but to somebody that believes in that street as we do and will come there and rent the space. I'm talking about a company of significant value that the world looks at as a destination. "I'm going to go down there to do this shopping or go to this place to do whatever it is that they are selling."

And the reason you don't want to give the name is because the negotiations are still open?

Yes, that's right.

I've heard different numbers, but what would you estimate in terms of the number of people that come down to see the show?

Well, anywhere from five to thirty thousand in a night, because of course, the

show plays at night so we don't count. I'm sure that making the street as comfortable and people-pleasant as it is, I'm sure that it has helped traffic during the day, but we don't have a show going on. We do play great music. You can hear the nice sound-system we have, which was never on the street before. It's a very pleasant place to walk. There are no cars, you know, emitting terrible fumes. Buses used to go down that street. It was like you choked to death, and so we've developed a very pleasant area on the street. I'm sure that it's attractive to people during the daytime as well as the evening, but you start counting people as to when you start your show, which is at dusk so that our ceiling, or cover, is going to show up.

In that environment, they also now do other kinds of shows.

Special events.

They do live shows and special events. What kind of shows do they do?

Well, this weekend they're having the music of the 1950s. They're calling it "Fabulous Fifties," and they've got the Platters. I just was reading a list of the music that was great and famous in the 1950s. They're going to have a costume contest—you know, what you wore in the 1950s—and they're doing things like that. Las Vegas has been helpful in funding events for them. They do a Cinco de Mayo event, they do a Mardi Gras event, they do a Christmas Festival.

Oh, I'm sorry. How could I let that go? We did build a Christmas show for the sky, and that's a nice show. Christmas music and Christmas images of all kinds, and then we have two huge, huge trees that we have at the intersections of First and Third Streets, which used to be through streets. They are no longer through streets. They end, and we have a cul-de-sac built about halfway on a block on each side of Fremont Street so that in those cul-de-sacs there are now stopping places for cabs to service the people on Fremont Street. They can pull up to this cul-de-sac and let people out to come to the show or to just be downtown, period. So that was a good use of that area.

I've looked at it myself as I begin to realize that . . .

Fitzgerald's and the Four Queens are across the street from each other. We could have decided to vacate Third Street to Carson the rest of the way and have it become part of our casinos. So you could have quite a bit of square footage, because you've got at least sixty feet that you could have added to your casino in a joint venture, something for each of us to have, if we both agreed, because that's how you get the vacation done.

Of course, there are a number of issues to be dealt with, but one thing is that the properties on both sides of the street agree to this vacation and then go from there. First, if you get that, then you can begin to deal with all the other environmental and traffic pattern issues, but if you could decide on that, then we could begin discussions about what to do. Nobody's ever done it yet downtown, but that may happen. That may happen one day. You would use these streets that don't go through now but use the balance of that block to build something. There are lots of possibilities.

With the big casinos such as the Bellagio and the Mirage, which was the first one that hit you downtown and made you recognize that you were going to have to do something, and then two years later the Excalibur and Treasure Island, that's really when it kicked you guys off, but that's what started you doing it?

Yes.

Are they going to have to do something new?

It's going to be tough. I'm sure it's going to give us another jolt, because we could see it happen, and so everybody has to be thinking about that, I would think, and concerned about it.

In terms of bringing people downtown, I think the Fremont Street Experience has far exceeded what we looked for in creating the numbers of people on the street. So in that respect, you can call it a success. Another thing that we hoped to do with this was to get other property owners downtown to reinvest in their property. To a large degree, that's happened where people had the money or had access to

money. There were a number of good things about that.

I guess the thing that I fear and worry about is, as I've mentioned, that we haven't been able to rent the retail space and upgrade. When I say "upgrade" I don't mean to make it upscale. What I'm trying to say is to make it different and another reason to be on the street because, to me, now that you get the people on the street, you've got to find a way to make their stay longer, to make them want to come into the casinos, to make them enjoy being on the street. You don't want them just to come see the show and leave, get on the bus, and go back again. With that, we really haven't done anything. I think that, in my view, attracting a different kind of retail on the street that's unique and that some people will really want to go to and visit is the answer.

We need more reinvestment or redesign of the casino buildings to be more user-friendly, if you will take that term, where you really invite the people in. Open up your fronts. When we knew what we were going to do with the Fremont Street Experience, I looked at how many columns there were that would support the front of the Four Queens and how far we could open up the front. You begin to think about what you could put there to bring the street inside or yourself outside to the street. I think that property owners down there should be considering that, and I think some are, but I don't know to what degree they are.

I think about some community promotions amongst them. I know we were working on—and maybe it's just turned out that it's not doable—a development by which IGT had made it possible to have Fremont Street Experience-linked progressives in everybody's casino, and then we'd do a slot tournament. We could build some return visits and interest in and put in games that would be of that kind. I think that's important where you begin to have a cooperative effort. I hope everybody isn't worrying about somebody getting more than the next guy, because it's still going to bring more to you than you had to begin with, even though the Golden Nugget may get a few more customers. They're getting them anyway. It increases your opportunity

to have access to more people if you become part of a program like that.

It seems to me that's a program. If you really want to look at it, I.G.T. would give you the machines and linked processor. You'd have to spend money on marketing it, but so? You spend money on marketing other things, so your initial cost is not great if you have those machines on the same terms as you have MegaBucks or Quartermania or one of the other linked progressives. But I know that a lot of people hate to give up floor space to anything except machines with the maximum return to the casino, and I also agree with that, but I still think that there would be a minimum number that you could find a little space for and become part of this program and see how it works.

You said before that it was unfortunate that it took a crisis, a negative challenge as it were, to get everybody to really work together, even though the association had been formed in the 1970s. I had asked about the additional pressures from the Strip, because the Strip doesn't ever stop re-inventing itself, and the next round will be another strike at the heart of the downtown again. Do you think that that may be enough to overcome some of their resistance to really working together and to sharing something and maybe cause them to reinvest a little in the property and open it up and really start to use what's there?

It may.

Because you said that your plan, immediately, for the Four Queens was to open it up.

How to get it open.

And it has never happened.

Well, it hasn't happened. Everybody else can have the same excuse that I will give for the Four Queens, which is that we didn't have the money. We were in Chapter Eleven. We couldn't spend money on capital improvements, and doing something like that is not an inexpensive thing. There is no easy way to do something that major.

Do you think you would have had it done by now?

I think I would have found a way, yes. I would have taken some of the dollars that had been either borrowed, like some of the debt that they put out, and would have found a way to get that done; from that debt instead of some of the other things that were done, yes.

Do you think that if you would have been there that it would have been possible to get this cooperative linked?

Oh, I can't say whether I could have or not.

You don't have a feeling whether or not you could have been a force?

Been a force. I certainly would be the guy pushing it and trying to get everybody to get into some joint efforts here. I would be definitely talking about it. Another problem is the operating costs of providing the security and maintenance and clean-up of the street. It's a pretty big bill, plus marketing the Fremont Street Experience. It's bigger than anyone thought it would be, and, there are no real offsets to it like the expected income from the retail. Probably we had either projected wrong, or we haven't done the right things to market the garage, because I still hear that there's insufficient parking, and yet I doubt the garage is a moneymaker. I think there was some way that they were looking at it being at least not an expense, and I believe that it still is. Plus the retail that we talked about, and you'd look for other opportunities to defray those operating costs, which are huge, and that's, of course, a point that the people who are participants in the Fremont Street Experience are really fussing about and complaining about.

Do you think that part of that is not having Don Snyder and not having somebody with that kind of leadership quality to really go out and push all the time, someone to find new solutions as opposed to an administrator?

Oftentimes when the first person who goes in does something, he is part of creating it, and the people who follow them are more administrators. They come in to operate what's already there, and they're not as good at . . .

See, I'm really not in a position to say, because I can't say if the fellow that succeeded Don . . . I don't know him. I mean, I know him, and I've met him, but I don't know him like I knew Don, so it's kind of hard for me to say he isn't exactly another Don Snyder. Obviously everybody isn't alike, but whether he doesn't have those qualities or whether now the frustration has gotten to a level where everybody's . . . Don had our complete confidence.

I'll just ask you differently. Do you think that Don Snyder's background was more a peer background, and everybody accepted him as being a peer, and they had a different level of respect to his replacement?

Maybe. I didn't even think of that, but that might be that he had our confidence not from what he had done, but going in for sure, from our appreciating where he had come from. It's possible. I don't know. At any rate, I'd figure out a way.

There are two things here. First of all, to think of building new shows or having different shows, which let's say come at \$200,000 a crack. Secondly, the shows you already have or the value of having to sponsor one of the shows you already have or the value of letting the use of that—to give space to a sponsor who is willing to come with some hard dollars that would offset some of this just to have their name flash around in that ceiling for a half a minute or two. Like the nights of Mardi Gras, they said they had up to thirty thousand people on the street. That's a lot of people looking up at that. Think about a Sony or a this or a that.

Yes. Panasonic is on the New York, New York, and Coca Cola has spent some number of millions that they're not revealing.

Point. And I know I was just as much like, "This is ours, and we're not going to let it go. We're not going to let anybody take ownership of this, and it's all ours." You have that thing, and you want to keep it, but if you are in trouble and there are ways to do this, and if it could be done tastefully without making you feel like you're kind of giving yourself away or being crude about it . . . If you can do it without allowing advertising to own you, do it in such a way that it was in very good taste.

Get some of these people in there to sponsor, number one, a new show; to sponsor existing shows; to have a way that they might be displayed, because to me, that was always something that I felt the use of the street could be, to have somebody want to use the street. For instance, have a company like Sony come over here and say, "I'm going to have a convention of all my new products." They build a show to show their new products, or a car manufacturer or anybody. It would seem to me that it could be great, because you could image cars that would be fantastic and have them drive down the street.

It seems like if you put some artistic guidelines on it that they could do some marvelous things. It would be good entertainment as well as good advertisement, but it wouldn't have to be so simple as a thirty-second television advertisement.

Yes. I don't want to be critical of people, and I'm not intending to be. I just want to say that I think there are other things that people are missing right now, that they're not looking at doing these things to make the operating costs less.

Would you list the properties and their representatives? At least the properties that were in there.

Well, I know the properties. Now, I don't know who all of the representatives are. Starting at the Union Plaza, I believe it is still a participant, although Jackie Gaughan got so upset with the operating costs he wanted to back off, and he helped the El Cortez in there so they let him off. I wasn't around to know

what the arrangements were that they made with Jack, so I don't know that he's even a participant. I think he's a participant, but he's got it sized down some. Golden Gate, the Las Vegas Club, Binion's, Golden Nugget, Four Queens, Fremont, Fitzgerald's, and California are the purchase agreement company.

Who's chairman of that board now, do you know?

Well, there was never a member as chairman. Don Snyder, I think, is chairman of the board, and then Mark Paris is the president. But I don't now how active Don is in it now. I don't know whether he's continued to be. And maybe all these things have been discussed, and maybe there are reasons why these things can't be done.

They need more capital, I'm sure.

Yes.

Notes

1. As was noted previously, there was a shift in stock ownership of Elsinore in 1993, and Jeanne was replaced as president and CEO. She stayed on until December 1993 as a consultant and continued as an ex officio member of the Fremont Street Experience board.
2. The Reno-Sparks Convention and Visitors Authority.

LEAVING THE FOUR QUEENS

So, on the reengineering of the Four Queens: you got back in 1991?

Nineteen ninety.

And you described a “circling of the sharks”?

Well, there was so much stock. OK, let me go through the stock numbers. When we went to Atlantic City, we had 12 million shares of outstanding Elsinore stock. By the time we finished with paying the interest that we had to in stock, we ended up making three different payments in the calendar year of 1988. We issued 18 million shares of Elsinore stock to satisfy \$16 million in interest in the year ending 1989. We issued 32 million shares to satisfy \$11 million of interest, so you can see that what happened, of course, was the price of the stock had dipped so significantly by the time we finally ended the project in Atlantic City that we had to issue 32 million shares to cover \$11 million, whereas in 1988, we only had to issue 18 million shares to cover \$16 million of interest.

The interest was determined by the price of the stock to be issued in thirty days. We pick a date, and the thirty days just preceding that date . . . you take an average of the price of the stock, and then it was discounted 20

percent, so we got hit pretty heavily in issuing stock.

At any rate, with all those shares issued, we ended up with 60 million shares outstanding from our 12 million shares. It was quite a difference, plus all these shares—these 18 million and 32 million shares—were all held by people that were looking to make a fast buck. They weren’t people that were investors in the company in any way, shape, or form. [laughter] They were people that wanted to get rid of their stock as quickly as they could and wanted to see it increase in value or find somebody who had an interest in and a desire to be in the business for a lot of reasons. So as I call all these people sharks, I don’t mean to use that disrespectfully, because a lot of them are very smart people and make their living doing a lot of things like that—looking for places to put their money where they get the best return—but they take a certain gamble with it.

It isn’t the conventional way of having a public company, where you hope you’ve got shareholders that are working with you and trying to improve the company and the earnings of the company and have a true interest in that, because these people were definitely out for the short-term investment to make a lot of money. They bought cheap,

and they were virtually given the stock; now what could they turn it into?

Given all of that, it attracted some opportunists taking a look at the company, and I described Harold Goldsmith. He was strictly an opportunist. He bought a big chunk from one of the investment-banking houses, and he made a good deal on the price of the stock. He knew the location of the property. He didn't spend that much time downtown, but he knew the location. He liked to visit Las Vegas, thought it was fun to come over and gamble and be treated very, very nicely at the Mirage or Caesars. He was that kind of a guy. He felt that there was an opportunity for him, and, of course, he met his early end in going home from visiting with me, so when Frank Burrell bought the stock, it was not unexpected.

I knew that I had a coalition of stockholders—not board members, because my board was with me—out there that were becoming more and more disenchanted with the price of the stock, where we were going, all the plans, all the things that were in the works that were going to take far too long. They wanted to see something happen immediately, or you're disposable, I guess. The thing to do then is to change leaders, and that's the one thing that makes everybody feel better. Whether it really gets you something different is another thing. You can ask yourself that question, and some do and some don't, but change leaders.

When Frank decided to take the plunge, he was not the leader that they were looking at. I think they were looking at Tom Martin, but Frank was the leader of the coalition. Frank had the shareholders in his pocket. Tom didn't. Tom didn't know him; didn't even know him, but Frank was now on my board; Tom was on my board; Frank liked Tom. He was buying the stock and controlling the shareholders, and he thought Tom would be a good chief executive and would bring the change and could add the pizzazz to give the impression out there to the world, and particularly to his cadre of stockholders, that he was friendly with and had given him their promise to be with him. Tom Martin was a board member.

I should back up a little bit, as I've never even probably given the names of all the board members. When I came back from Atlantic City, our board members really felt like we needed another member, at least one other member, so they looked at me and said, "Do you have someone to suggest?" I had met Tom in Atlantic City. He'd been with Ramada, or Aztar as it was renamed. He was a financial guy, then a CFO in that company, and then when Ramada bought Marie Callendar's, he became president of the subsidiary that operated Marie Callendar's. That turned out to be a fiasco for the company, and so they sold it and Tom left.

Of course, through this whole thing with the bondholders of Elsinore, the bondholders that I'd gotten to know were really the people that came around to support me finally to get the reorganization plan done. They were our voice in the court telling the judge this was a good plan. I've gotten to know several of the people that held those bonds and that represented the bondholders, and one guy, who was the chairman of the bondholder committee, became a good friend of mine. He was a terrible enemy in the beginning, and believe me, he used to throw books across the room, but he became a good friend of mine and even went before the commission at the very end to testify on our behalf when we were up for relicensing in 1989. I still think of him as a friend, and he had known Tom as well.

And his name?

His name is Warren Foss. He'd been with Solomon Brothers, and he was with someone else when he became chairman of the bondholder committee. Then after he was chairman of the bondholder committee and we got this finally all settled, he came over and helped, and he was still with another investment-banking house, the one he represented at the end during the final settlement process. Solomon had bonds, and the company that he was with, they have offices in Los Angeles. They have offices in New York.

He then went off, and he and a couple of guys that he'd been working with established

a boutique investment-banking thing where they were raising money in smaller quantities, but they all have great connections, particularly in the casino business. At any rate, Warren knew Tom fairly well. Warren and I had become friends, and so I talked to him about Tom, and he said he thought he would be really an excellent member. So in 1990, right when I came back, I suggested that he become a board member, and then I invited him over to Las Vegas because none of my board knew him. So he came over and spent a day and an evening with us at some time when we were having a meeting. Everybody liked him, so we decided to invite him to join the board.

Frank Burrell came later. Frank was the fellow that bought the stock and controlled the stockholders at the end. He came later, maybe a year after Tom came on board. Tom didn't know him before he met him through being a board member of Elsinore.

Tom could express himself very well; very articulate guy that I always considered a supporter of mine and somebody that really thought the Fremont Street Experience and all that we were doing were the right moves to be making. He thought the kind of things that we were planning were the right things to be doing. He was very supportive, and he knew numbers, and he knew casino numbers, so he was a good member of the team, and we all liked him.

Frank, I'm sure, felt he was a better leader than I and that changing leaders was more important than anything else. My view on this—and I'm not saying that anybody told me this, but I just have a feeling—is that having somebody different was a way of saying, "We're changing direction now. We're going to have a new person." And that, very often, is the case, you know. As much as I respect and like Bob Maxey and really think that he's a very, very bright guy, he could no more have gone to Atlantic City and filled the position that I filled there, because he created a lot of that. Do you know what I'm saying? So you have to bring somebody in to make changes or to do something different. You're just not going to do business in the same way, and he couldn't make the changes if he wanted to, and I have no idea if he ever wanted to,

but he couldn't make the changes in Atlantic City that were necessary to make.

I think much of the same holds true when you're going to change to try and satisfy and rekindle the confidence of the stockholders. You need to do that because the guy that's been there isn't the one that's going to bring it back, or they don't look at you as being the one that can bring it back. In this little, tiny time frame for these guys I call sharks, you could never react. You could never put plans in place and get things done in time to satisfy them, so it was just kind of a foregone conclusion. It was like it was already written that the future was there, and I don't think I ever really looked at it that way or thought that, but looking back on it, you can see pretty clearly how it was shaping up. These people had to have somebody there that was going to make a very dramatic change and be able to put some numbers up, that would say, by six months from now, "We're going to be doing this."

What position did Tom become?

President of Elsinore. Frank became chairman of the board.

And replaced who? You were going to say who the board was?

OK. Frank Burrell and Tom Martin. Now you have Chuck Gerber, who was the attorney, our general counsel, and the guy who had his own law firm in Chicago as a securities's lawyer. He did an enormous amount of work for the Pritzker family. When all this went down—when Jay Pritzker resigned from the board way back when before the Chapter Eleven ever occurred—Chuck became his replacement on the board.

Julian Levi is the fellow that was a law professor at the University of Chicago and very prominent in urban renewal and planning matters in the city of Chicago for many years. When he retired from the University of Chicago, he moved to San Francisco, and he joined the—what did they call it?—the hundred thousand-something club, which was a group of these guys that were all past sixty-five, attorneys of some note in other communities and specializing in various kinds

of law. They gathered at Hastings, which is part of the University of California and is the law school for lawyers in California, and these guys taught one class, each of them in their own specialty. I don't know how many of them there were, but Julian was a member of that one hundred thousand whatever dollar club. I'm not sure exactly what the name of it was.

Julian told me that a lot of the problems that he gave his classes were some of the problems that we were experiencing in Atlantic City, and they've used some of the ways we chose to resolve some of the issues. He never got into specifics, but he taught a class or two at Hastings. That was what he was doing. He and his wife lived right in downtown San Francisco, and he was a dear wonderful friend of mine, and he died just this year right around Christmastime.

The other member of our board was Marshall Bennett, and he's quite a sizeable real estate developer. He offices in Chicago and was a friend of Jay Pritzker's. They've done many deals together and many deals apart, but Marshall's a pretty important developer in his own right and has done quite a bit all over the United States, so he was the other member. That was our board and then myself, Ed Fasulo, and Dick LeVasseur. Earlier, Ed and Dick said that they would join with the effort in Atlantic City, and that was one of the conditions that I made for them. I had always been on the Elsinore board, but the condition was that Dick and Ed would become members of the board.

And Dick was on the board when you came back, too?

Yes.

So that was the board.

That was our board.

And now when Frank becomes chairman of the board, whom did he replace as chairman?

Me.

They replaced you as chairman of the board.

And I was president and CEO, also. And Tom became the president. I think Frank, just for his own satisfaction, retained the CEO title. So he was chairman and CEO of the company, and Tom was president.

At this time, you remained on the board as vice-chair?

Vice-chair.

And you had no operating . . .

Responsibilities, no. I continued my efforts with the Fremont Street project, because we didn't have the financing in place. We didn't have a lot of things done. It was an unfinished product at that point. We hadn't completed everything by January 1993. So I continued to represent the company in that effort and still made presentations all over the place. I went up to the legislature. We still didn't have the room tax; we didn't have the commitment from the LVCVA (Las Vegas Convention and Visitors Authority). All we had was the city commitment for the garage and our own money on the table at that point. So through the rest of 1993, I worked very hard to get these other things done: meet the budget, do the agreement, do the agreements amongst the hotel operators, and decide what their responsibilities were to the company.

Who was in charge of the day-to-day operations at the Four Queens?

Maybe two, three, four months after Frank and Tom became officers, Tom appointed Ed Fasulo to become the operator of the Four Queens. Right at the beginning, I was still called president and CEO, because I was the license holder. I was the only guy who held an active license there. These guys had all applied, but nobody had been investigated, nobody had been looked at. I was there. So I suppose I was, in a sense, still . . .

So they made Ed something like . . . ?

Executive vice-president, director of operations, Four Queens.

It must have been a conflict for him. He had been your friend and everything, and now suddenly he's . . .

I think both Dick and Ed had a lot of conflicts, internal conflicts, with themselves, and I tried to assure them that whatever they got or whatever happened to them out of all this, that they deserved it. They'd earned it, and they'd paid the price for it, and I would never be angry or feel badly about whatever positions they might take in the company that I had occupied. Ed did very well with that. Dick had to finally kind of lose me in order to make the change. Then Tom made him the guy that was out on the road looking for new deals for the company, and he masterminded the S'Klallam project, the interaction with Palm Springs, he still handled marketing, and he had a much greater problem—and I don't know why, really—with all of this than Ed did.

I guess the bottom line of all of that is now we're, what, three years later, four years later? Ed and I see each other all the time, and I never see Dick, and Dick lives in the next block over from me. [laughter]

And none of them work at the Four Queens any longer?

No. When the fiasco at Twenty-Nine Palms happened, Dick was the one that . . . well, he resigned, but I'm sure he was asked to resign as a result of that. Again, to satisfy everybody in the world, you know.

Could you describe that last year, how it went, and the sequence of events for you?

Well, I guess, there have been a number of memorable days in my life, but I suppose the day that we held a board meeting at the Four Queens, an Elsinore board meeting, was one. It was the meeting at which Frank Burrell, who was the buyer of the biggest portion of the stock . . . Frank already owned under 5 percent—somewhere between 3 and 4 percent. Then he bought, from Harold Goldsmith's estate, close to 10 percent, so he effectively had 13, 14 percent of the stock. As I told you, he had control of several other people that

had gotten into the stock by buying up some of this stock that was being held by investment-banking houses who had received the stock in payment of interest. Because of his purchase of stock from the Goldsmith estate, he had automatically bought their vote of the remainder of their stock, so he had, effectively, control of 35 to 40 percent of the stock because of his friendship or relationship with these other stockholders.

The day that all this was going down, there wasn't any real interest on the part of the board. Not that they didn't support me, because I believe they did, but they realized that to begin an argument now would serve no useful purpose for the company. It would only cost money in the end, because the control of the stock was really in these people's hands. I mean, 40 percent isn't over half, but their opportunity of gathering the rest of it would be very simple, and they would have the vote anyway, so why begin a battle? So you look into your bag of tricks, and you say, "What should we do?"

The best thing that all of us decided was that I should negotiate or discuss with them the contract I had for separation from the company if there was a change in control. And they obviously knew these things. Frank knew them, because he had been on the board. He was aware of the contract I had, so this had to have been considered in his thinking when he wanted to make this move on the company. So we talked about it, and not unless I got *exactly* what that contract said would I consider it really fair, because I felt I had bargained hard for what the contract said. I also knew that I really didn't have a lot of choice, so I had to do as well as I could to negotiate the optimum points in terms of that contract to my advantage.

Anyway, I guess I walked away feeling that that was about the best I could do, because I had held out on some things, and the way it ended was that I ended up leaving some money on the table because of the Chapter Eleven and the filing, and then that was rejection of all these kind of bills that the company owed. Contracts like this are the *first* to go, so the company never did fulfill the whole term of that contract, because I was paid only through, maybe, not quite half of the

time. It was a five-year payout for part of it—certainly not a major portion of it but a considerable amount of money. So I lost there, and I don't know. But there's no sense now . . . I can't waste time, and I felt that even when I knew about the filing and also that they'd been delinquent in paying me, and when I'd talk about it, it was sort of like, "Well, we'll get to you, because you're kind of low on the totem pole." So I realized, of course, that I probably would never see the last dollars there, but there wasn't much I could do about it, so I had to accept what was dealt me.

Then Frank said, "Well, I will go down and tell the employees." We were going to gather all the department heads that day and tell them of the change.

And I said, "No, Frank." I said, "These are the people that are my team. I put them here, and I'm going down there."

Frank said, "Are you sure you're all right to do that?"

And I said, "Yes."

What day was this? What was the date of this meeting?

January 14, 1993. So we gathered them in the only place we really had to hold a meeting like this, because I think the meeting room was occupied, so we were in Hugo's. We set a table clear at the back of the room, and we had speakers set up down there. We had all of the department heads and directors, and I read them the press release, which, of course, said exactly the facts, and then I thanked them all.

"The facts" being that you were resigning?

That I was resigning as chairman of the board and president and that I was going to assume the role as a vice-chair of the board and remain as a member of the board.

Did you tell them at that time who was going to replace you?

Yes, and that Frank and Tom were to take their respective positions. I assured them then that I had an unfinished project that I really wanted to see to its end, and that was the Fremont Street Experience, and I was going to

work very hard toward accomplishing that, and, of course, I thanked them in my way for all they had done in being a part of the team. It was kind of an emotional day, I want you to know that, but I held up very, very well. I'm really proud of myself, because I didn't know whether I was going to be able to, but I was so determined that Frank was not going to make that announcement, and I did it, and I was real proud. I mean, I handled myself fine.

Was it just one announcement, or did you stay through the course of the day?

Oh, I stayed and talked to everybody, and then we met afterwards and resumed the board meeting, first of all, upstairs and completed our business and kind of made all these things official by board resolutions and things like that. What was *absolutely* necessary, which I think I've mentioned earlier in our conversations, was that I remained around for a while, because they had to get licensed. There was nobody that was licensed who would be on the property but me. So I, of course, still retained the title of chairman, president, and so on until there was . . .

Frank must have already submitted when he bought that much stock?

Oh, he did. He did.

Oh, right. He had a long time ago. His application had been a long ways in process.

Yes, but they don't act on them. See, unlike New Jersey, if you become a director or you become any kind of management in New Jersey, depending on the level of management you reached, they have different levels of investigation there. But for the granddaddy of them all—a hundred-page application—the key people, all members of the board, and the chairman and all the officers and directors of the company are required to complete them, and those investigations are done at the time before they are given the license to be on that board or be a member of the company that holds the license.

In Nevada, they are asked to submit the entire application, but it isn't acted upon

unless it's a key-person license such as mine, where you actually *are* the operator. But if you're a director, or if you're next in line like casino managers and shift bosses, they rarely do the investigation unless they feel there is something questionable about the person. They do a preliminary overview of the application—where the person has been, what his history is—and based on that, they don't do any investigation, or very little. Only when they have what they believe is a problem person do they conduct a full investigation. So to investigate a guy like Frank, it's going to take a little time, even though he had submitted his application as a member of the board. It would not satisfy the requirement of becoming chairman of the board.

So you needed to be there for at least six months while they went through the process.

That's correct.

It would take them at least six months to get licensed.

And I had a contract with the company, which expired in August of 1993, so from January to August, I still retained those titles, if you will, although more in theory than in form. [laughter] Because as you move along in this process, and I've seen it happen, you give up more and more control. Even though these guys aren't licensed, you still are giving up more and more control as they become more comfortable with their position, as they hear from their attorney that the application is being processed and that everything is OK. They become braver in exerting their authority there, and so they become much more of a force as time passes. I mean, they really do take over well before the end of the term.

The licensing must have given you a little leverage with the discussion about your contract?

Oh, it did. It did.

So you had some pretty powerful leverage.

Yes. Well, they needed me. [laughter]

Because they had to have a key license, and no one could step in even if they were licensed someplace else. No one could step in.

No.

So they literally had to have you for at least six months.

So they had to have me, because, see, there wasn't any other real licensed person who had gone through the investigation. Dick and Ed and several other people had submitted applications—Dick and Ed because they were on the board—but their licenses had never really been processed, so there wasn't anyone. So I remained, of course, through that entire year. Even when August came and the end of my contract came, they still weren't approved. [laughter] Anyway, so I was around, and then by the end of the year, they had received their approvals.

Through my friendship with the people that are the principal stockholders of American Casino Enterprises, I had approached them. We'd had very serious discussions during the summer about my joining them—where I am today—and on what basis; whether I would become an officer and director of the company or whether I would just become a director and assume some other position. I didn't want a real direct management role, because I still said that I wanted to retain a certain freedom myself so that I could continue doing some of the things that I wanted to finish or even remain on some of the boards that I was on, and I realized that it would not be in the best interest of American Casino Enterprises. It would present a problem to them if I became a real presence in that company and still wanted to do these things. I couldn't have both. I had to make a choice. Either I went over there and I took the job and totally gave 100 percent to it, or I had to join the board and be associated in another way with another job description, so I chose to do that, and that's a relationship that has worked out well.

And that's as a director and a consultant to the company?

Yes.

What boards are you on in Las Vegas now?

That board and the Pioneer Citizen's Bank Board, and then I'm on the Board of the Chamber of Commerce. I'm on the Board of Las Vegas Events, which is the private board that is funded by the convention authority but was formed many years ago to attract events to Las Vegas and yet not have to have it be a public transaction, as anything with the Las Vegas Visitor and Convention Authority is. This board is funded so that they can do direct negotiations with people without being subject to the open-meeting laws, and then bring a package. The package can then be brought to the board, which meets in public, and then the board decides on the merits of it. So that's been a useful board in choosing productive events to host. There are people that are jealous of that board that maybe would like to do away with it, but at any rate, it still exists.

How many years have you been on that board?

I think five years.

And you stayed as a non-voting member on the Fremont Street board?

As an ex officio member of the Fremont Street board. Now, some charitable organizations such as the American Diabetes Association, the Nevada Dance Theatre, Opportunity Village—I'm on all of those boards and do work for them. For the Opportunity Village, now, I've become a member of the finance committee of the foundation board. I do take on projects like that, which I like doing.

That's kind of significant that even after resigning the position at the Four Queens, you wanted to stay in the Fremont Street Experience. You wanted to stay even after you were out of the Four Queens. That company you went to, American Casino Enterprises, had no Las Vegas involvement at all at that time?

No, none.

And no Nevada involvement. You wanted to stay there. The Las Vegas Events Board is certainly promoting Las Vegas. There's no longer any direct personal benefit to you in those. Neither one of them are you paid to be a part of.

No, all volunteer. [laughter]

When you were back at the Four Queens, to be on the board . . .

There was an indirect benefit.

The Downtown Progress Association's goal was to build the business of the Four Queens through building Las Vegas.

Yes, that's right.

When that organization underwent a metamorphosis, its purpose was still the same, but you stayed.

I have a great theory that you really should give back to the community where you've been successful, where you've made money, and where the community has been good to you—whatever the situation is that you've been a part of. I like to do that and have enjoyed it very much and feel that I was in some sense saying "thank you." I had a real sense of pride about the Fremont Street Experience. I wanted to see it succeed. I always felt it had my name along with a lot of other people's names on it, but you want that to live on. You want to be sure that it gets done or that you do whatever you can in your way to see that it does happen. In all of 1993, of course, we didn't have our funding. We didn't know whether we were going to make it happen. So I felt that sense of importance about it. Now, maybe others would say, "Well, that's crazy because everything should be directly a benefit to you." But I don't see it that way, because I enjoy doing this.

I still don't have a very clear sense of your operational involvement at the Four Queens after you got back from Atlantic City. In the discussions before Atlantic City, I can see you

walking around like you and I did on Thursday night with the slot director, with the key people from the property looking at Las Vegas, talking about how to make the Four Queens better. I can see you down there in the fight with the union. When you get back from Atlantic City, I can't see you anywhere in the property, and so with the change of the board position and the titles and all that, I can't see what real changes did that make in your life, operationally. What changed? How would people from the property have seen the difference in your involvement?

When I came back from Atlantic City, I think management and employees saw me as deeply involved in the property even though I was involved in a lot more activities outside the property. I think they saw me as being very concerned about the property, trying to improve the situation on the limited dollars that we had available. I know there was an expectation when we all came back from Atlantic City that some of the things that had . . .

I was sort of surprised, and I shouldn't have been, that when I came back the sense of the employees was, "Oh, now things will change around here. Now, there will be a difference here. We've waited and now this team, this management group, is back here. We're going to see a change."

Well, we came back with no money, and it was hard to make changes outside of giving yourself to that property, so I spent endless hours on the property after I got back just talking to people and trying to make them feel a sense of security—that we were going to do everything we could to get us past what was now our latest crisis of watching diminishing revenues and the bottom line. Diminishing revenues make drastic cuts in the bottom line, as you know.

No matter what you do, these people didn't want to hear about it, because they looked at it as being a place where they were really going to grow and become success stories again like we had been. That was what everyone's expectations were, and here we were on the other side of the mountain sort of sliding down, and that wasn't what anybody

had in mind. I felt badly about that, and I had to keep talking to people and explaining to them why I had this interest in the Fremont Street Experience—although it was not called the Fremont Street Experience at that time. But there was a need to work toward a common project for downtown so that we could change the street.

I did everything I could to inform the employees, so they would begin carrying positive messages outside, because I felt we all needed to do that downtown. We needed to get our employees to at least say, "Well, things aren't *terrible*, and we're not just doing *nothing*, and we will be successful." You needed people to talk positively about what was happening and that, truly, there were people working toward making a change downtown, and it was going to happen.

So when you came back, did you act in the general manager role that you'd acted before, where you met weekly with the staff and you participated in the budget process?

Yes, absolutely.

And you went to the tournaments and acted as the hostess of all that?

Not as much as I did before I went to Atlantic City, because I was involved more in external affairs, particularly the things that were happening on the street.

That's what I'm trying to understand is what the change would have looked like in terms of your day. Now, from one day to the next, your title has changed, but do you move out of your office?

Not right away. Probably about four months into the change. Believe it or not, there was a very extensive plan done immediately to revamp offices. [laughter]

Got money for something, we can redo the offices, right?

Do these very nice offices. So anyway, then I moved into a much smaller place. Not that I

had to have a big office, but I moved into a little office that really had been adjacent to the office I had, which was a much smaller room.

And then Frank moved into your office as chairman?

No. They began chopping up my office. They began combining several of the offices further down the hall. They made a conference room, quite a good-sized room, and then Frank did not get into a big office, although he was very particular about the way it was done and how it looked and the materials that were used in it. It was not a large office, nor was Tom's or any of the other people's. What they did was build a very luxurious boardroom, which was important. We didn't have that; we really didn't. When we had board meetings, we met in my office generally.

Where did you hold your staff meetings?

In that room that I described to you, that 6,500 square feet that we created on the mezzanine floor where the front desk used to be. We'd have the staff meetings there and just set up chairs in a conference style or in a square.

When I asked you about coming back and holding staff meetings, then I asked about the tournaments and the public appearances, did you still hold the staff meetings weekly?

Oh, yes.

So after the change of your position, then, did you still hold those?

No. [laughter]

Who took over?

Well, Frank and Tom held those meetings, and I would attend.

That must have been interesting for you, because I can't imagine they knew very much about casinos, so what did they do?

Well, they didn't have meetings as frequently as I did, first of all. They didn't do that. When they had a message that they wanted to get out is when they had the meetings, really.

So it was a one-way meeting.

They just got a message, although the employees were encouraged to participate with comments.

Is that a general or a staff meeting where the management . . . ? I picture a weekly staff meeting as having the key management people as an important management tool.

Yes, with the department heads.

Did they give that up?

Well, one of the things I remember early on is that they decided they were going to use one of these outside consulting services to motivate employees. They gathered everybody together to tell them about how they were going to bring in this team of people that were going to work with these people individually to motivate them, to make them more comfortable in their job, to have better supervisory skills and things like this. It was that kind of thing. They brought in a professional group to do that, and I never, ever saw how that program unfolded. Naturally I heard comments from many who were a part of it, as to what they kind of thought about it, but there wasn't anything that I had hands-on experience in. If the meetings were called and I attended, I would talk about the Fremont Street Experience. I was presented in my role of being with the Fremont Street Experience, so as we got some tools in our hands of renderings and Jon Jerde did a video and several things like that, I would hold employee meetings.

You needed to inform these people of what this project was and what you expected from it and what it was going to do and how you expected it to change their life on that street and increase the number of visitors, because a large number of these people were tipped

employees, and they, naturally, were feeling the downturn. It was hitting their pocketbook probably more so than anyone else in the casino. So I tried to do those kind of things, but no longer did I have the staff meetings, no longer did I walk and visit with the employees as I had in the past.

Who did that? That's what I'm trying to understand. When you take two people with no casino experience who own the stock, and now you've got a company

Well, they appointed Ed to fill that role. He knew me, and he would meet with each department.

Did he confer with you on issues?

No. I'm sure he was told not to, that that was not my role anymore, and that Ed should go to Tom and Frank.

But years of experience with working with you, if there's an issue with the slot layout or there's a discussion about, "Should we do a tournament this week or that week because of some conflicts" . . . ?

Just a lot of things. No.

On repricing something on the menu, some of those things that are casino specific that took years of understanding, he's not going to get any advice from them.

No, he wasn't.

So he just makes them himself?

So he would have to make them himself. And this put both Dick and Ed and several of the other people who had worked very closely with me, I'm sure, in an uncomfortable position. I think they would have liked to ask me, but they didn't think they should, and they didn't know, and they had to wean themselves away from me and become their own people and have their own identity. So it was a personal challenge to them as well.

In the years that you managed, the vision of where the Four Queens was going—the kind of property, all of that—was provided by you. When you put an administrator from the casino at whatever level, they're not a visionary. They don't come in with vision. Their job had always been to implement your vision.

Yes.

You take out the visionary and you add stockholders—whatever the title is, the people who own a majority of the stock—and there's no visionary in between. Who's guiding? And these things become ad hoc, because there's no vision about where all this fits in any big picture, the strategic planning kind of things. Just whatever-we-feel-like-today kind of stuff.

Well, I think that as Ed and Dick tried their own wings, they became aficionados in some of these areas and felt like they could furnish that kind of vision. They'd discuss it, I'm sure, with Tom and Frank, and Frank was difficult. Tom would understand, because Tom was a very well-organized guy. He was an administrator, and he was good at that. He understood numbers, and so he was very comfortable in looking at all kinds of financial data, and he could analyze.

So would he have taken over your role in the monthly review of the budgets and all of that?

Yes, he would.

And he knew that?

He was very familiar with that, and he'd been with Aztar. He knew and understood casino numbers and had been intimately involved. He'd been with them sixteen years or something like that. I'm not sure that's the right number, but

One could make an argument about his being with Aztar teaching him anything about casinos. [laughter]

Right. [laughter] We could argue about that. You're right, you're right. It would not really be the qualifying factor.

Then how did that feel to you to have an office there? You're fighting for downtown, and still you're a visionary. You want all the employees to come and understand where this is going, and you want the employees to be integrated in it. You have expressed to me you don't think that the management ever understood it well enough to integrate the business in a way that . . .

That's right.

So you're trying to do this big visionary thing out here that the property has to be a part of, that they have to take into consideration with their planning and what they're doing for next year. The Fremont Street Experience has to be part of that planning, but it wasn't! How did it feel to you?

Well, I think it was. See, nobody had a clear vision of this. When we knew that we finally had a plan and that we were going out to try and get the financing, and everybody had all agreed to put their money up, I think then my first reaction was, "How am I going to open the Four Queens up to the outside and bring the outside in?" As I said to you the other night, I don't know how many other property people—management—thought about all of that, but I did. Tom and Frank really didn't focus on detail like that. Now Ed understood that and would have understood the need of reaching out to that public to get them inside.

And were you having that communication with Ed about what was going on in the program?

Well, at first we had a lot of discussion, but as he grew into his position and as he had to turn his mourning, as he called it—the mourning of the loss that he thought he had experienced—he had to strengthen his belief in himself. He had to turn to Tom and Frank. He had to start these kind of discussions with them and begin to confide in them and try to solicit from them some reactions. He needed to do that, so our conversations and

how we treated all of this became more and more distant. There wasn't nearly the kind of close relationship we had before the change.

I would think it would feel a lot like a divorce—suddenly, they're artificial.

Right.

There's more and more space between you, and even when you are together there's less intimacy in terms of the type of things that you discuss, the tone of voice.

Oh, yes, everything.

Everything changes.

Everything.

This is another point to ask this question again, because at each point, after you left the Four Queens, they refocused internally and not externally at all.

After I left, they went out and took on two Indian casinos. Well, in all fairness, the Twenty-Nine Palms property in Palm Springs, I had initially found that deal. I had convinced the board that we should attempt to make arrangements with that tribe, so we'd gone out and formed a partnership with that tribe, which contemplated a management agreement. That was almost done by the time the actual change in ownership of the Four Queens took place. As we went through the year of 1993, others took over the discussions with the tribe, the arrangements that were made and all of those things, so the deal with the tribe was really cut and carried out after I was no longer able to influence that, and I really didn't even know some of things. I wasn't a party to those arrangements after the change in ownership.

The Jamestown deal was never mine. I never had anything to do with making it. I couldn't even tell you the terms of it or what they agreed to provide except what I know from the public reports that Elsinore put out.

The Jamestown deal is with the S'Klallam tribe in Washington?

In the state of Washington, right.

And Twenty-Nine Palms is?

All I know is Twenty-Nine Palms. They're Chemehuevi, and they're located on a great location as far as I was concerned. It's on, I think, I-10. You go through Phoenix, New Mexico, Arizona. It's like the southern route going across country. I think it's I-10, and it's one of the main highways that comes over just below Indio, California, south of Indio.

The property was composed of 120 acres, a really large piece of property. I can't remember the number now, but it had frontage, probably several thousand feet on the freeway. When I say "frontage", it wasn't frontage, because you have to go off the freeway in order to get on the property and just go down and make a loop and come back into the property, but that was where the buildings could be seen from the highway. It was very visible property which, I thought, was an excellent location. There was a lot of property to play with, and I had a vision about attracting other development to that ground and really making it a center of some sort. Whether all those things would ever be doable, who knows, but I would certainly know by now, if I were still around, whether they were doable. There would probably be some buildings there.

And what happened with the tribe? Is the tribe putting slot machines . . . ?

Well, the property opened in the winter of 1995, right after the first of the year. It opened in February or March, and it was a miserable failure. A big reason was the competition from the nearby the Cabazon tribe's Fantasy Springs Casino.¹ Also, the Agua Caliente Indian tribe from Palm Springs had just opened and had slot machines in that Spa Hotel, which was on tribal land right in downtown Palm Springs. The Cabazons, of course, had built their new addition, which was probably four hundred or five hundred slot machines; a very upscale kind of place.

When I say upscale, I don't mean elegant. I'm talking about upscale for what we believe a tribal casino looks like. It was very well done compared to its previous casino. Both are doing very well.

We opened with no machines and just poker tables, bingo—nice bingo. There was just no way that it could be successful. It had huge parking, a visible parking lot. It had everything that you dream about to make a casino come alive. Anyway, we—"we" meaning Elsinore—had said, "No slots." They couldn't be a party to that. I'm sure that they knew that, understood that. This is two years later, and I wasn't around or hearing any of the back-room talk or any of the internal plans for it.

The story goes, according to people I know now at the Four Queens, that virtually in the middle of the night, the Indians—frustrated and saddened by the lack of success—went out and made a deal to bring in one hundred slots. It was done in the middle of the night, when they moved these slots in, so all of a sudden, when everyone woke up the next morning, the slots were in the place. [laughter] Well of course, the Nevada Gaming Commission regulators, when they heard about that, they sent a very *strong* demand that the licensed people in the company appear before them up in Reno. They better get themselves on an airplane and get up there and talk to them. So, anyway, that's what I believe happened.

Tom Martin² did tell me a little bit about it, and he said that when he talked to Paul Bible, he said, "You just can't do this. You're jeopardizing your license here, and I will have no alternative. I like you. You've been good license holders." Because we were. We were model licensees. "But I'll have no alternative if you don't cease and desist being a part of that. I will have to dictate some action against your license."

When you get a read like that, what do you do? You go home and say, "Well, I'm going to call my board together and say, 'What do we do?'" So they had to pull out of there. Well, they had spent \$10 million of the \$60 million they borrowed to build that building and another million or two. I think they ended up saying that they had \$12 million or \$13 million in the project. We can go back and look at their 10-K's and see, because I'm sure

their contracts are all part of the exhibits. Anyway, what do you do? It's a non-performing asset. It's a nothing, plus the Indians sued them. They started a lawsuit for nonperformance of their end of the deal.

And the same kind of thing only a little different way . . . I'm not at all familiar with the details of what happened in Washington, but that opened the summer of 1995. The Washington casino opened in the summer of 1995 to a very disappointing start as well, although the project was legal. There was no question of their right to be there, but it just became a dismal failure for them.

So all of a sudden, you begin to look at the numbers, and you say, "How's this company going to live?" The only thing they have is the poor Four Queens. And at that point, the Fremont Street Experience was under construction, not to open until the late fall or early winter of 1995, and no guarantees from that either. And if you look at it, the Four Queens, with the other two assets they had that were supposed to be operating assets but were not producing anything and were, in fact, being negative, you had to discount them. Then the Four Queens, really, had \$60 million of debt to handle with no additional cash flow.

When I came back from Atlantic City with \$40 million, which was tough, we paid down that loan. By the time they took the bank debt out, the F.I.B. loan that we had gotten was down to \$27 million at not a terrible interest rate. It was one and a half over prime, and then when we couldn't meet our ratios, they imposed some penalties, because we had some ratios on our bank loan that we had to meet. If the ratios didn't meet the terms of the agreement, the bank can give up on them, and you end up with a qualified opinion or a statement by your outside accountants that says, "You may be insolvent because the bank is in a position to call your loan." So, I went through one or two quarters of that, which were *horrible*, when we couldn't meet the ratio, and we'd go down to the last instant to get the bank to give us a waiver on that, or we wouldn't get a clean opinion from them.

Could you be more precise about the ratios?

OK. The key one, I guess, was that your uncommitted cash flow would be, let's say, one and a half times the amount of your payment due to the bank on an annual basis, and if it fell under that or was just equal to it, it didn't meet the terms of the loan agreement you made. So that was one of the conditions. That was the one which was very important, aside from not making payments. I think with the others we were all right, but that was the one we failed. There may have been some assets-to-liability ratios that may have come into question at some point but not that I recall. So really the ability to service the debt was what they looked at, and you couldn't get a clean opinion from them [if you didn't meet that ratio].

So it ends up that the Four Queens had so much debt to service that there wasn't anything left over to do a lot of the capital improvements or to reach out to the street and do some of the things I've talked about. They were not able to, and I think that the other property owners will tell you much the same kind of story, that they're so strapped that they don't have the money and they can't make the changes. As you said, "Well, if you were there . . . " I think I would have used some of that newly borrowed money to find a way to get ourselves visible to the street.

Instead of building totem poles at Jamestown at \$100,000 a piece. [laughter]

[laughter] Yes.

So you've said that nobody downtown had very much money to do the things that they needed to do.

That's right. Now to contradict that to a certain degree, Fitzgerald's did raise some money, and they've built a nice . . . I really must walk through that, because they've done a nice job; quite different from the place you may remember there. Jerry Turk, of course, was one of the movers and shakers in getting this whole thing done. He and I are the ones that began to talk about this when Jerry became an owner on the street in the early 1990's. It

was 1990 when I came back, and we are the ones that started this, because Jerry felt like I did that with the opening of the Mirage and then with the next wave of openings, with M.G.M. and whatever followed that, that we were going to get hit pretty hard and we needed to be actively doing something. It's just that we couldn't move that timetable along fast enough. We should have had it done sooner than as late as we did.

If Jerry could see that things were going to be in place, he was going to spend a lot of money or raise money or reinvest it in Fitzgerald's, which he did. I don't see that he really opened up to the street, but maybe he did. Maybe they thought they did, but I think, looking at the street now, they may have done more, because they planned that and tried to get it underway even before we actually had the Fremont Street Experience built and open. So they did do some improvements.

Las Vegas Club got some financing, and they started a tower. They got a tower going, and they've redone their entrance and all, and I haven't seen that. I must say, I haven't been in there.

Golden Gate, they've tried to do some things to become more friendly to the street. Again, they are on a limited budget, but they have tried to reach out to the street.

With Binion's, when I saw Jack, this is now last year, he'd just put—unheard of for Binion's—some debt . . . had issued some bonds and raised quite a bit of money. He told me that he was going to build a seven hundred-room addition to what they have there, so that was very encouraging, but I haven't seen any signs of the building starting so maybe he's thought differently about it. [laughter] I'm not sure, since I haven't been in touch with him for a long time.

How did it feel to you to be still at the Four Queens when you were no longer president? You're there for another year or so with an office on property, and yes, you're active in the Fremont Street project, but every time you walk through, every time you go to dinner at

Hugo's, every time you do anything, it's not yours.

It was awful. I am being very honest. It was a terrible experience. I guess the way I term it, when I retell this story, is that the transition for me was very difficult and was really hard. I was never, probably, happy a single day after January 14 while I was still at the hotel. I probably was always in mourning, too, about my loss and always wishing that it would be some way that I could make it different but knowing I could do nothing to change it, living with that. And maybe having a clean-cut divorce and walking out would have been an easier way to go, I don't know. But it was what I chose until the end of that year, and then I went to Frank and said that I had the opportunity to join another company and that I really would do whatever he felt would be enough or more to warrant that consulting arrangement with the Four Queens, so I left it up to him to choose the way I would remain. Actually we separated on the last day of the year.

Well, we had some ongoing litigation from Atlantic City, which I guess I should tell you about, and I was involved in that. It meant a great many dollars to the company, had the court ruled against us. And then I continued my efforts with the Fremont Street Experience and reported back, although they had by then named Ed to be the representative of the company as a board member on the Fremont Street Experience company board. I know that I was sort of a throwaway at that point and in that effort. What did I mean? I was just another board member, not a voting board member, and Ed was the guy that was casting the vote for their company, so I really didn't have a position. I think Frank was just happy to see me go, because I think both Tom and he felt intimidated to a certain extent.

You said right at the end of the year you went to him—and I'm guessing that you had the contract that has you receiving pay as a consultant, and you want to maintain that relationship—but you're saying, "I really want to go to work for another company." So you

say, "I'll do whatever you want." And what did he say?

Well, then they wrote some self-serving language about how I would report to them once a month with this, and I would be available to do this at their command. If they wanted me to come over, I would be able to be there. Like community relations, I'd handle that.

And they'd still pay you?

The consulting fee that we'd agreed on.

For the length of the contract.

For the length of the contract. And that's how we amended the contract, but it said that I would no longer be a member of the board.

Did they live up to the conditions of that?

Well, they did—I received payments quarterly—maybe until the quarter before they filed for Chapter Eleven protection. I was paid, although some of the payments were very late in coming. Then probably a quarter before that quarter, I didn't receive payment, and that would have been 1994, 1995. I was probably paid all of 1994 until the fall of 1995, so two years into the contract.

And how much more did you have in the contract?

Three more years.

Three more years, that was part of the contract?

Yes. And then they filed for protection in January of 1996, I think. I'm not sure. January of 1996 or somewhere in early 1996.

And then do you expect to receive something out of the bankruptcy as part of the resolution, or are you just a throwaway?

No, I'm a throwaway.

Way down the list of priorities.

Well, there wasn't any money. The unsecured side of that got nothing. No, nothing. So forget that. [laughter] That just didn't materialize.

So as of December of 1993, you were . . . ?

Away. I no longer officed there, nor was I a member of the board. And they just had this sort of self-serving—for them, and I guess, for me, too—justification for my consulting arrangement with the company. That was supposed to be life after Elsinore for me, but I was very happy, because after I got away, I realized that I'd been in a position that I didn't want to be in, that was uncomfortable for me. I think you put your head down, and you kind of refuse to face what it is you don't like about life every day. You don't want to admit it, and you keep telling yourself that, "Oh, yeah, what I'm doing is OK. I'm really helping, and I'm really doing something." But after I got away, I realized that it was not what I wanted to do, that I wasn't one bit happy with it, nor did I feel as though I was accomplishing anything, that it was probably pretty destructive to have stayed around as long as I did.

You still contributed to the Fremont Street Experience, but you didn't contribute anything to the Four Queens the rest of the time.

To the Four Queens, no.

Notes

1. The Cabazon Indians are a band of the Cahuilla Indians, and they currently run the Fantasy Springs Casino in Indio, California. The Agua Caliente Indians, who have the Spa Hotel in Palm Springs, are also Cahuilla.

2. Tom Martin was president of Elsinore at the time of this event.

[The original interviews with Jeanne Hood were conducted in 1997, but Ken Adams did a follow-up interview with her in the summer of 2005.]

To bring your story to a close, I wanted to ask you what you've done between 1997, when we concluded the original interviews, and now, 2005.

As I mentioned before, in 1994 I went on the boards of ACES, now called American Vantage, and of the Pioneer Bank. That was my first bank board job, so I went on that board.

And ACES is a transition from when the company was working with the Indian casino. Are you still on the board?

Oh yes, I still am. I'm now an independent. I accept no pay from them, and I fulfill the need of an independent director. As a matter of fact, this year I'm chairman of the audit committee. But we're getting along fine, still looking for the right company to merge with, and we dream on. I hope we find something.

You're not on the board of the Pioneer anymore, because the Pioneer sold?

But I'm on the board of a new bank, a private bank, as it happens. Certainly there is a climate for that in Las Vegas. A good friend of mine who has had an amazing career, Jack Harvey, ended up coming here to Las Vegas to sort out the Howard Hughes estate. He became the CFO of Summa and came up here in the late 1970s and were neighbors of mine out in Sierra Vista, where we bought the house that I described earlier.

Jack is a fine person. I think he's retired now, but his last stint was to teach at UNLV for probably six or seven years, and he taught some financial courses, economics courses. Anyway, Jack works on things to better the community, and one of the things he has an interest in is the wetlands. Jack, through the wetlands restoration project, met a fellow who owns a trust company in Las Vegas called Nevada Trust, and in addition, he'd spent many years—either twenty-five or thirty—with Northern Trust, which is one of the oldest trust companies in the United States and is headquartered in Boston or New York. He had worked for Northern Trust for many years in a number of different jobs and ended up running their London office for a long time.

Anyway, he left Northern Trust after a number of years and formed his trust company in Las Vegas, because he was fascinated with

the way the business was growing, and his timing was perfect. Then he decided that he wanted to open a private bank, so he went to Jack, and, after showing him the business plan, asked him to help to raise \$10 million. Banks could get charters for \$5 million capital, but because he was establishing a premier private bank, he wanted to raise \$10 million. So that was the goal, to capitalize the bank and get the charter from the state and the federal government. He asked Jack to help him, and he had a group of fairly wealthy friends who contributed money. When he started looking around for people in the community that he would put on the board, Jack suggested me.

"Well," I said, "I'd like to know who else is going to be on this board, and I want to know how long it would take to put the money together"—all these things that seemed sort of iffy to me, although Jack's connection with it was very reassuring, because I'd known Jack for a number of years by that time, and he was a good friend.

Finally, after months, the money was raised, and I agreed to join the board. Then I went through the same scrutiny as I did to join the Pioneer board, although my history just had to be updated, that was all. I didn't have to do nearly as much, and I was approved right away to be on the board, so I was a member of the founding board of this bank. It's called Southwest USA Bank, and it is a private bank. We don't have any tellers. It's really done by relationships, but we're doing just fine.

Let's see, we opened the bank in 2001, and right now, I think, we have \$115 million in assets, so we're doing very well, and we expect to grow. By the end of the year we expect to be close to \$150 million, so we're getting along well. We're patting ourselves on the back. We went through some grim times, though, in getting started, but this was all part of doing it and an experience I might never have had. Pioneer was well established when I came on their board. I mean, they'd been in business twenty-five years. It was an entirely different role there than at a start-up bank, but it's been fun and interesting, and I've enjoyed it.

Is there anything else that is new since 1997, new boards or new activities?

No. I'm still on the Nevada Ballet board, and I'm still on the Opportunity Village board. I've given up the American Diabetes Association. I'm not there anymore. That's about it.

Do you still maintain an office at ACES?

No, we sized down our whole operation, because we didn't think we needed all the space that we had. A guy who was our chief financial officer at American left the company, and his wife is a CPA also. She had rented some space for her own office in the building where A. G. Edwards is. The partner that she had was leaving, and she was going to have space up there. I went over and talked to her, and she showed me the office, and so I rent an office from her now.

So you just have a "Jeanne Hood" office.

Yes. So now it's just "Jeanne Hood." That's right.

Do you go to the office every day?

Every day. Oh, yes. I've got my computer all set up there, and although I really do most of my telephone work on my cell phone, I'm on their telephone system, but I use it very seldom, because my cell is the best thing. I can keep a record and keep track of what I'm doing, and it's worked out fine.

When we were doing the earlier interviews, I think I'd gotten one grandson by then. Patty had a boy in 1996. Then in 1998, Iris was born, so they now have a little girl, and those kids are growing up. Then Joyce got married three or four years ago, and she and her husband have two children now. They have a little boy, Gavin, who is three and a half, and the youngest one, Charlie, is eighteen months old now. Patty's kids are Iris and Oliver. Then Jennifer's oldest, Leigha, just had a baby this last winter in March, and his name is Dean. He's darling, and I'm a great-grandmother, which I don't know whether I like! [laughter] She's been down to visit me, and, of course, just keeps us supplied with pictures.



Left to right: Davia, Jennifer, Patty, Jeanne, Joyce, Barbara, and Leigha at a 1998 Nevada Dance Theatre function honoring Jeanne as Woman of the Year.

Leigha graduated from the University of California at Santa Cruz with an undergraduate degree in urban planning, then she got her master's from UCLA. She got a job with Fox Entertainment, the media company, and made quite a little bit of money, because she's good. I mean, she's one of those people who can hit a town, and before you turn around, she's got a job. It may be serving coffee, but that kid works, so she's kind of a prize. I'll brag about her, and she's really unusual.

She has a job in downtown San Francisco now with a company that designs and does research for museums, and she loves that kind of stuff. She was working for them until the baby was born, and now she's still trying to help them out, but she's not able to give nearly the time that she did before. I don't know how she's working all of that out. Fortunately, her husband's got a fairly good job, so they're getting along all right. [laughter]

Now that's Leigha's story, and Jennifer is her mother. Jennifer's younger daughter, Davia, named after David, graduated several years ago from Cal State, San Francisco, and she's now going to begin her last semester at San Jose State in library science. She worked her whole way through school in a library, so she really knows her way around the library. In fact, she's gotten an internship at Berkeley, and she works two days a week in the library there. But now the kid she is living with has been accepted at a number of law schools. One offered him a full scholarship—University of Brooklyn—so she and he are moving to New York to live on campus, because, of course, they're giving him his room. I don't know about board, but room.

She's got this last semester at San Jose State, but she went to her counselors there and told them about this change, and they said, "Oh, well, you can take this online. There's no problem. We know you. You'll have no problem with it." So she's going to take

the last semester online, and then we'll see where that takes them. And I'm just having a nice time not being as pulled.

It sounds like things have relaxed a lot, that your daughters are fine, and that you're comfortable.

Yes, so I haven't anything to complain about, and keeping up with what I'm doing now, it's really a nice thing for me. I like it. I

don't know that I would really—nor am I of an age to—go out and tackle anything new. [laughter] Only “new” in the sense of what American Vantage may find to do.

Because they're always looking for new ventures, new mergers.

Yes, new things to do. So that's really an update, and it at least tells you where I've gone since our earlier interviews ceased.

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